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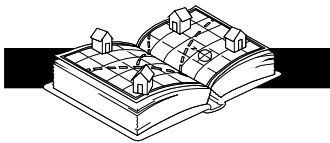
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## About the Instructions

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**The 2003-05 budget instructions are organized in two parts**

The 2003-05 budget instructions have been issued in two parts.

Part 1: Strategic planning and performance measure instructions  
*-issued November 6, 2001*


Part 2: Budget request instructions

We hope that this approach better supports the budget preparation needs of agencies, the Legislature, and OFM and that it enables us to make better use of the planning and performance information we need in evaluating budget proposals.

### **What is in the Part 2 instructions?**

Part 2 of the 2003-05 budget instructions includes guidance on:

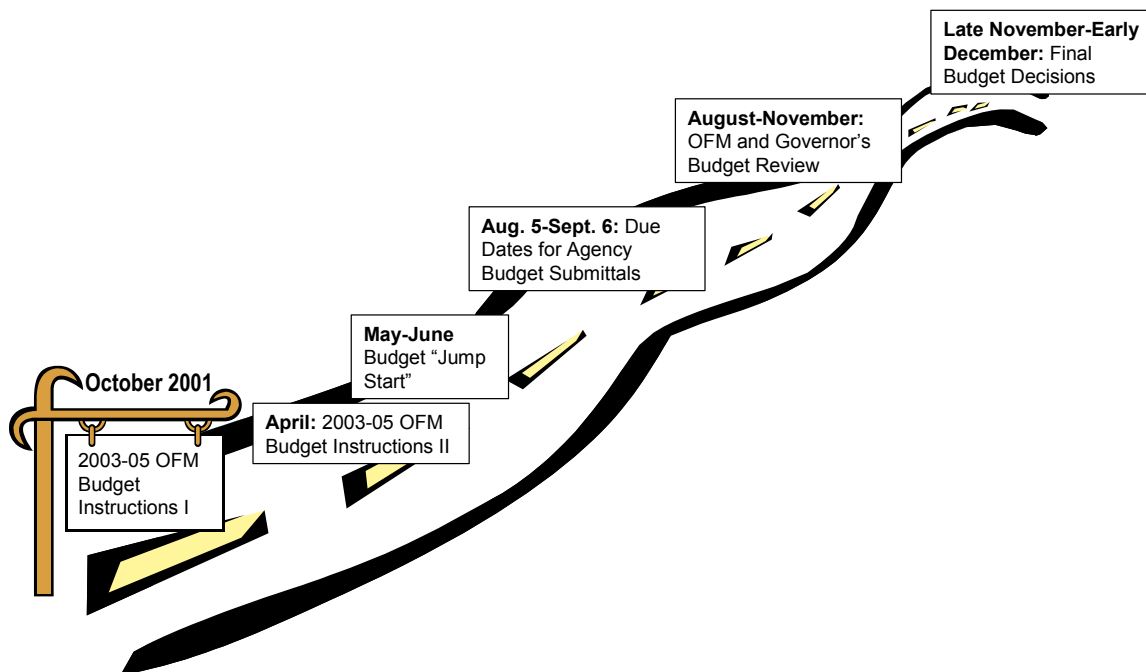
- Budget request basics – submittal components and format requirements,
- Activity Inventory update requirements,
- Producing decision package and Recommendation Summary documents,
- Items to include in carry-forward, maintenance, and performance levels,
- Developing all budget submittal components,
- Linking operating and capital budgets,
- Maintenance level, revenue and other coding requirements,
- Technology portfolios, and
- Developing good cost estimates.

**Look for the  sign to find items required for submittal**

We've used this symbol to help you find budget submittal requirements quickly.

## Timeline of major budget events in the current year

For general planning purposes, here is a timeline of the major budget events in preparation of the Governor's budget.



Look for the **NEW!** sign for new items.

We've used this symbol to flag any requirements or tools that are new or changed from last biennium's instructions. New in the instructions:



- **Agency Activity Inventory** - We are asking agencies to update the activity inventory in the spring this year to reflect the enacted supplemental budget. Many agencies will also be asked to provide more detailed activity description information. The **budget submittal must also include the activity inventory updated to reflect the maintenance level budget.** Agencies will also need to **prioritize their activities.** Performance level **decision packages must describe the affected activities.** (See Section 2)
- OFM is not required to publish program level detail for the 2003-05 budget. Therefore **OFM will not be asking agencies in November to recast their budget as proposed by the Governor into program level detail.**

- **Departmental request legislation proposals with an expenditure or revenue budget impact are due at the same time as the budget submittal.** The related decision packages are also due with the budget submittal.
- **Some agencies may need to report their progress in adopting “Best Practices.”** (See Section 4)
- **OFM has refined the definition for maintenance level and has established required RecSum codes for maintenance level items.** (See Section 5.2)
- **OFM will calculate the general inflation for agency maintenance level budgets** after agency budgets are submitted. (See Section 5.3)
- **OFM has established a new salary jurisdiction for use in certain agencies’ B6 data for staff eligible to receive salary increases under Initiative 732.** (See Section 7.2)
- **OFM has established new prescribed revenue codes. Agencies will be asked to verify adjusted beginning fund balances** in the spring. (See Section 8)
- **When entering the estimated performance measure level for fiscal years 2004 and 2005 for each decision package, agencies should enter the incremental performance level change expected to be obtained if the decision package is enacted.** (See Section 9)
- **Agencies are encouraged to collaborate and coordinate on decision packages for enterprise-wide information technology projects.** (See Section 11)
- **Agencies must now submit a decision package for changes in self-insurance premium costs.** (See Section 12)





## SECTION 1

# Budget Request Basics

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This section describes the basic approach to, and the key elements of, the operating budget submittal.

## 1.1 Planning and performance drive the budget

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**Washington State uses performance budgeting**

***Strategic plans and performance measures should serve as a foundation for the budget request***

Performance budgeting is the act of considering and making choices about desired outcomes. Performance budgeting focuses on the results to be gained through investment decisions. Agency strategic plans and performance measures provide a foundation for performance budgeting.

While we believe that we reach better budget decisions through the routine consideration of strategic planning elements and performance information, other important criteria, like the financial realities of revenue constraints or competing needs, must also be considered. In times of financial constraint, it is especially critical that proposals be clear, convincing, and grounded in the agency strategic plan.

The best budget proposals are persuasive not only at the agency level but within the broader statewide context that OFM, the Governor, and the Legislature must consider in making decisions. Proposals that can discuss the value and benefits of the outcomes they intend to deliver to the state will make a stronger case.

We urge agencies to review the Part I instructions for more information about how OFM expects strategic plans and performance measures to support the budget request.

## 1.2 Where to find fiscal context information for the 2003-05 budget

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### The Part I instructions and the OFM web site offer context information

The Part I instructions provided information about revenue and caseload trends as of early September 2001. Part I also discussed budget considerations related to Initiative 601 and the state debt limit. You can find updates and more detailed population, revenue, and caseload forecast information at these web sites: <http://www.wa.gov/cfc/home.htm> (Caseload Forecast Council) and <http://www.ofm.wa.gov/agencies.htm> (OFM) at the Budget and Population, Economy, and Research buttons.

## 1.3 How is a budget request organized?

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### Recommendation Summary format summarizes the budget

Budget requests are summarized in a step-table format referred to as the “Recommendation Summary.” The Recommendation Summary begins with current biennium legislative spending authority and lists significant incremental changes to arrive at the agency’s 2003-05 request. Ideally, each single line on the Recommendation Summary should represent a single budget policy decision.

### Decision packages are one set of budget building blocks

The agency must describe and support each requested incremental change to the current budget with a decision package. Decision packages are the place for the agency to make a persuasive case for their requested budget changes.

The Budget Development System (BDS) assists agencies in developing the budget decision packages and produces the resulting Recommendation Summary report.

### Major budget categories help to organize the request

The incremental steps in the Recommendation Summary are grouped to help OFM and legislative fiscal staff analyze certain categories of expenditure changes from the current biennium level.

#### *Carry-forward*

**Carry-Forward Level** – How much of the budget proposal is the biennialized cost of continuing the workload or services already authorized through legislative budget decisions? OFM, in consultation with agency and legislative staff, determines the carry-forward level and communicates the dollar amount to agencies as soon as possible after the 2002 Supplemental Budget is enacted. Section 5 discusses carry-forward calculations in more detail.



***Maintenance***

**Maintenance Level** – How much of the budget proposal is the cost of additional mandatory caseload, enrollment, inflation, and other legally unavoidable costs not contemplated in the current budget? Maintenance level changes to budgeted, nonappropriated funds are also listed in this category. Section 5 discusses this category in more detail.

***Policy and performance***

**Policy and Performance Changes** – What other expenditure change proposals are contained in the agency request budget? These options may represent significant changes in discretionary workload, the nature and scope of services, or alternative strategies and outcomes. Section 6 discusses this category in more detail.

**The activity inventory provides another important set of budget building blocks**



While the decision packages show the incremental changes to the agency budget, the activity inventory describes what the agency does. What are the activities of the agency? What does it cost to do each one? What is the product or result of each one? Section 2 discusses the activity inventory and its role in budget development in more detail.

**Additional supporting information is needed for the request**

In addition to the decision packages, Recommendation Summary report, and activity inventory, the budget submittal includes other information OFM needs to analyze the budget:

- The agency strategic plan (Part 1, Section 2),
- Agency performance measures and the Agency Recommended Performance Measures report (B-11) (Part 1, Section 2 and Part 2, Section 9),
- Agency salary, insurance, and pension base reports (Part 2, Section 7),
- Agency revenue and working capital reports (Section 8), and
- Other special reports (refer to Section 13 to see which reports apply to your agency).

### Some agencies provide budget data at the program level

Although OFM reviews most recommendation summaries at the agency/decision package level, we do ask for some program detail from agencies. For those few agencies – listed below – that are appropriated at program (or lower) level, we request that program level recommendation summaries be included with initial agency requests.

- 225 Washington State Patrol
- 240 Department of Licensing
- 300 Department of Social and Health Services – program level, except the following submitted at category level:
  - Juvenile Rehabilitation
  - Mental Health
  - Developmental Disabilities
- 305 Department of Veterans Affairs
- 310 Department of Corrections
- 343 Higher Education Coordinating Board
- 350 Superintendent of Public Instruction
- 405 Department of Transportation
- 406 County Road Administration Board
- 407 Transportation Improvement Board

All other agencies need only submit the Agency Budget Levels by Program.

## 1.4 What are the submittal requirements?

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### What are the required components of the budget submittal?

The chart below shows the required components of the budget submittal and the way the material should be organized in the notebooks submitted to OFM.

For budget submittal definitions and requirements by statute, refer to RCW 43.88.020, 43.88.030, 43.88.032-060, 43.88.090, and 43.88.120.

## Required Budget Submittal Components

- TAB A**
- ☐ Strategic Plan ( *Part 1 Instructions*)
  - ☐ Agency Recommended Performance Measures (B11) *PMTES and BDS (Part 2 Section 9, Part 1)*
  - ☐ Agency Organization Chart

- TAB B**
- ☐ Recommendation Summary at Agency Level *BDS report (Section 3)*
  - ☐ Recommendation Summary at Program Level *BDS report (Section 3) – For only those agencies listed in Section 1.3*
  - ☐ Agency Budget Levels by Program *For all multi-program agencies-- BDS report (Section 3)*

- TAB C**
- ☐ Decision Package Summary *BDS report (Section 4)*
  - ☐ Individual Decision Packages *BDS entry form and report (Section 4)*

- TAB D**
- ☐ Agency Salary Base (B6) *BPS-1 (Section 7)*
  - ☐ Agency Insurance Base (B6-I) *BPS-1 (Section 7)*
  - ☐ Agency Pension Base (B6-P) *BPS-1 (Section 7)*
  - ☐ Agency Revenue (B9) *BDS report (Section 8)*
  - ☐ Working Capital Reserve (B9-1) *By Fund Administrators – BDS entry form and report (Section 8)*
  - ☐ Fund Summary by Fund Administrators *(Section 8)*
  - ☐ Revenue Transfer Reconciliation Statement *(Section 8)*
  - ☐ Federal Fund Estimates/State Match *OFM template (Section 13.1)*
  - ☐ Local Fund Summary (B10) *OFM template (Section 13.2)*
  - ☐ Puget Sound Water Quality Work Plan Expenditures *OFM template (Section 13.5)*
  - ☐ JLARC Audit Responses *(Section 1.5)*

- ☐ Six-Year Transportation Agency Program/Financial Plan *submit to DOT or Fund Administrator (Section 13.4)*
- ☐ Activity Inventory Update at Maintenance Level *(Section 2) submit OFM provided template electronically to [Linda.Hamilton@ofm.wa.gov](mailto:Linda.Hamilton@ofm.wa.gov) . No hard copy required.*

**How many copies must we submit?**

With the exceptions below, each agency should submit five copies of its operating budget document to OFM. Four copies must be complete sets containing both forms and narrative material. Two of these copies are retained by OFM, one is sent to the Senate Ways and Means Committee, and one is sent to the House Appropriations Committee. The fifth copy should contain only the Strategic Plan, Recommendation Summary, Agency Salary Base (B6), Agency Insurance Base (B6-I), Agency Pension Base (B6-P), Agency Recommended Performance Measure (B11) forms, and the Non-Budgeted Local Fund Summary special report.

***Higher education requirements***

Higher education institutions should submit two additional complete copies. OFM will forward one to the Higher Education Coordinating Board and one to the Council of Presidents' Office.

***Transportation-funded agency requirements***

Transportation agencies, Utilities and Transportation Commission, State Parks and Recreation Commission, Department of Agriculture, LEAP, and State Auditor should submit two additional complete copies for the House and Senate Transportation committees.

**What are the format requirements?**

- Number all pages.
- Reduce oversized materials by photocopier whenever possible.
- Three-hole punch all material and assemble each copy of the budget in a standard size notebook supplied by the agency.
- Organize and tab the material as shown above.

**What is the submittal address?**

Operations Section, Budget Division  
Office of Financial Management  
300 Insurance Building  
Post Office Box 43113  
Olympia, Washington 98504-3113

## 1.5

**Other general preparation requirements****What are the rounding protocols?**

- Round all expenditure and revenue amounts to whole dollars except in the case of individual claims (legal judgments, Local Improvement District assessments, etc.) that must be reported exactly. Round fractions of dollars from \$.01 through \$.49 to the next lower whole dollar, and \$.50 through \$.99 to the next higher whole dollar.
- Omit dollar signs (\$) except where necessary to distinguish dollars from other numbers.
- Round FTE amounts to the nearest tenth.

**How do we display negative numbers?**

Use parenthesis to indicate numbers reflecting expenditure decreases.

**Required fund code conventions for budget documents**

With few exceptions, use the state accounting system coding scheme for account numbers and other designations used in the budget documents. Fund codes require both the account number and the appropriation type code that indicates the source character of the funds involved. Separate the one-digit appropriation type from the three-digit account number with a hyphen as shown in the table below.

**General Fund**

The following fund sources, where applicable, must be identified separately:

- 001-1** General Fund-State. Include applicable compensation adjustment allocations. Appropriation Type 1.
- 001-2** General Fund-Federal. Include applicable compensation adjustment allocations. Appropriation Type 2.
- 001-3** General Fund-Federal Unanticipated. Combine all federal unanticipated receipts and show one total. Appropriation Type 3.
- 001-4** General Fund-Governor's Emergency Allocation. (Appropriations 611 and 612) Appropriation Type 4.
- 001-5** General Fund-Other Federal Fixed Grants (DSHS and Department of Health only). Include applicable compensation adjustment allocations. Appropriation Type 5.
- 001-7** General Fund-Private/Local. Appropriation Type 7.
- 001-9** General Fund-Private/Local Unanticipated. Appropriation Type 9.
- 001-0** General Fund-Federal: Social Services Block Grant—Title XX (DSHS only). Include applicable compensation adjustment allocations. Appropriation Type 0.

- 001-A** General Fund-Federal: Family Support/Child Welfare—Title IV (DSHS only). Include applicable compensation adjustment allocations. Appropriation Type A.
- 001-C** General Fund-Federal: Medicaid—Title XIX. Include applicable compensation adjustment allocations. Appropriation Type C.
- 001-D** General Fund-Federal: Temporary Assistance for Needy Families (DSHS only). Include applicable compensation adjustment allocations. Appropriation Type D.
- 001-E** General Fund-Federal: Child Care Development Funds (DSHS only). Include applicable compensation adjustment allocations. Appropriation Type E.

### **Motor Vehicle Account**

- 108-T** Motor Vehicle Account Bonded Projects: (DOT only). Use to identify bonded transportation projects. Appropriation Type T.

### **Other Appropriated Treasury Funds**

Identify other appropriated treasury funds by the following appropriation types:

State:	Appropriation Type 1
Federal:	Appropriation Type 2
Federal Unanticipated:	Appropriation Type 3
Private/Local:	Appropriation Type 7
Private/Local Unanticipated:	Appropriation Type 9

### **Nonappropriated Funds**

All nonappropriated funds, regardless of original source of funding, must use Appropriation Type 6.

### **Certain account numbers should not be used in agency budget submittals**

Accounts 406 and 427 have been used as a means to allocate "pooled" salary, benefit, and retirement appropriations to specific agencies. These special accounts are not used for budget purposes and should not appear anywhere in the agency's budget submittal. Display related expenditures in the account that would be properly charged for the expense.

**Departmental request legislation with a budget impact is due with the budget request**

Departmental request legislation proposals with a budget impact must be submitted to Patsy Ellis, OFM Policy, by the budget submittal due date. More detailed instructions for submitting agency request legislation will be distributed in a letter to agency directors from the Governor's Office. These departmental request legislation proposals will be reviewed with the Governor this fall. Agencies must include decision packages for any of these proposals that have revenues or expenditures in the budget submittal.

Please ensure that other agencies potentially affected by your agency's proposed legislation are aware of the request, since OFM will need fiscal notes from each affected agency. Each agency will also need to include the fiscal impact in their budget submittal.

**Report requested changes to budget program structure by May 13, 2002**

If an agency is considering changing budget program or subprogram structure as part of its 2003-05 budget, the necessary justification must be submitted to OFM no later than May 13, 2002. This will allow sufficient time to obtain LEAP approval as required by the State Budgeting, Accounting, and Reporting Systems Act (RCW 43.88). Please refer to the memo regarding this request (e-mailed to agencies on April 16, 2002) on the OFM Internet Web page.

**Include JLARC audit responses in the budget submittal**

RCW 43.88.090(1) requires agencies to reflect consideration of applicable Joint Legislative Audit and Review Committee (JLARC) performance audit recommendations in their budget requests. Specifically,

“The estimates must reflect that the agency considered any alternatives to reduce costs or improve service delivery identified in the findings of a performance audit of the agency by the joint legislative audit and review committee. Nothing in this subsection requires performance audit findings to be published as part of the budget.”

The following agencies should include narrative in the budget request that describes the current status of audit responses to JLARC findings and recommendations issued from January 1999 through January 2002. The specific audits and studies are identified on the list found on the OFM Web page at <http://www.ofm.wa.gov/budinst03-05/part2jlarcauditfindings.pdf>.

Public Disclosure Commission  
Office of the State Treasurer  
Office of the State Auditor  
Department of Community, Trade, and Economic Development  
Department of Personnel  
Department of Revenue  
Office of Minority and Women's Business Enterprises  
Washington State Patrol  
Department of Licensing  
Department of Social and Health Services  
Department of Corrections  
Higher Education Coordinating Board  
Superintendent of Public Instruction  
Department of Ecology  
State Parks and Recreation Commission  
Interagency Committee for Outdoor Recreation  
Conservation Commission  
Department of Natural Resources  
Employment Security Department  
State Board for Community and Technical Colleges

Agencies should be prepared to provide this information to JLARC as well.

## 1.6 Using the Budget Development System

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### **Use the BDS for developing budget proposals**

The 2003-05 biennial budget process represents the second biennial budget process in which agencies will use the web-based Budget Development System (BDS). BDS serves as a tool for budget submittal and facilitates actual budget development.



***Produces many budget reports***

BDS enables agencies to develop their budget by decision package, capturing the information (narrative, expenditure, revenue and performance measure data) necessary to explain and justify the agency's request. The system also will generate many of the budget reports agencies used to have to produce separately: agency and program recommendation summaries, Agency Budget Levels by Program, Decision Package Summary, decision packages, Agency Revenues (B9), and Working Capital Reserve (B9-1).

If you would like more information or assistance in using BDS, please contact Vicki Rummig at (360) 725-5268. Training classes or self-guided tutorial lessons are also available. More information on BDS and other BASS products can be found in the BASS Library at <http://bass.ofm.wa.gov/basspr/library> (<https://services-bass.ofm.wa.gov/basspr/library> for Fortress users).

**New BDS Features**

OFM has made some improvements to the system for this year's work.

- The system now offers the Automated Upload Transaction Option (AUTO), allowing agencies to create decision packages outside the BDS and, once complete, upload the required data from Excel into BDS. This provides greater flexibility to agencies preferring to develop their decision packages in other software, but eliminates the need to key the budget data into two different systems. AUTO uses a prescribed tab-delimited file for upload. Specifications of this feature can be found in the BASS Library.
- Two reports in the BASS Reporting System will be available at multiple reporting levels (target June 2002): Recommendation Summary Report and the Fund and FTE Detail Report.
- Ability to develop a Multi-Year Decision Package in BDS to support the six-year transportation plan and bowwave preparation in BDS
- Improved Decision Package priority setting in BDS
- Implemented Decision Package and Version locking in BDS
- Budget reporting improvements in PMTES

**The Capital Budget System continues with some improvements from the last biennial budget**



The Capital Budget System also offers improvements and new features (available May 2002):

- Improved overall performance
- Eliminates CBS Form C100 and integrates Excel Form C100 summary information
- Provides support for Project ID editing and improved Project priority setting
- Improved legislative district coding



## SECTION 2



# The Agency Activity Inventory

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## 2.1 What is the Agency Activity Inventory?

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### **The Agency Activity Inventory describes what agencies do**

The "Agency Activity Inventory" describes the major activities of each agency. For each activity the report should provide:

- A brief description of the purpose of the activity
- The expected results of the activity (as a performance measure or description of outcomes)
- The associated agency program
- The biennial budget for the activity by fund
- The number of annual FTEs attributed to that activity
- The statewide activity category

In the past OFM has asked agencies to update the activity inventory to reflect the enacted budget. The activity inventory has been used by OFM and legislative staff as, perhaps, the best overall reference guide to the work agencies do.

### **What is an activity?**

An activity is something an organization does to accomplish its goals and objectives. An activity consumes resources and produces a product, service, or result. One way to define activities is to consider how agency employees describe their jobs to their families and friends. On behalf of the state's citizens, we basically want to know, "What do you do? For whom? Why is it valuable?"

### **What level of activity should be included in the activity inventory?**

For the activity inventory, an agency's work should be broken down into its discrete functions or services. An activity description that requires several compound sentences or lists to accurately convey the work probably needs to be divided into several separate activities.

We recognize that finding the “right” level of activity designation and description is a challenge. Generally we are looking for activities at a level that allows OFM to identify and prioritize functions from which the state’s citizens might benefit from a higher or lower level of state effort. We will also be looking for opportunities to consolidate or reorganize state activities to improve services and outcomes.

See Appendix A-3 for activity description examples.

## 2.2 What is new about the activity inventory update this year?

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**OFM expects to use the activity inventory as a major tool in budget development**



Early forecasts for the next biennium indicate that we will likely face a significant budget gap once more. The budget development process for the 2003-05 Biennium will need to refocus and reshape state government to fit within financial constraints. In keeping with the Governor's wishes to concentrate on core government functions, we will be using the Agency Activity Inventory as a key tool in this reshaping effort.

OFM has found that incremental decision packages are not adequate by themselves to develop a budget under the financial pressures the state has faced in the last two years. OFM analysts have a need for more descriptive information about the activities the state performs as they analyze statewide budget trade-offs. We especially need to better understand the activities and costs in the budget base so we can make more comprehensive decisions. Where practical, OFM used the Agency Activity Inventory in the 2002 supplemental budget process and found it helpful.

For this reason, we are asking agencies to update the 2001-03 activity inventory in the spring to provide information for the Budget Jump Start process. We are also directing agencies to submit an activity inventory update to reflect their 2003-05 maintenance level budget submittal.

**Agencies will need to update the activity inventory this spring**

We are asking agencies to update the Agency Activity Inventory this spring:

- To clarify descriptions as requested by OFM.
- To disaggregate current activities into more discrete components as requested by OFM.
- To adjust activity descriptions, funds, and FTEs as necessary to reflect changes in the enacted 2002 supplemental budget.
- To add descriptions of the expected outcomes or outputs of each activity.

Please refer to separate instructions issued by OFM on April 15, 2002 for the spring update of the Agency Activity Inventory.

## 2.3 What are the budget submittal requirements?

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**Agencies must submit an activity inventory update that matches their maintenance level budget**

New this year, agencies must submit an activity inventory report that reflects the proposed maintenance level budget as part of the budget submittal.

Agencies should update the activity description, expected results, dollar, fund source, and FTE information as needed so that the activity inventory information supports and matches the maintenance level budget submitted.

**Agencies must prioritize their activities**

In addition to the updates described above, agencies must also assign a priority category number to each activity. Use a 1 to indicate a high priority — the activities most critical to the agency's mission and outcomes. Use a 2 to indicate a medium priority activity and 3 to indicate a lower priority activity. OFM has not developed more formal definitions for these priority categories. We ask that agencies place at least one-third of agency expenditures in the lower priority category.

We understand that some agency activities don't lend themselves easily to this type of breakout, for example, an agency with only one or two discrete activities. In these cases, we encourage agencies to work with their OFM budget analyst to arrive at a prioritization that best fits the intent of these instructions.

**OFM will provide agencies with a template for the update**



OFM will provide agencies with a template of the activity inventory information provided in the spring update. Agencies should revise the information in the template and submit this as part of the budget as described in Section 1.4.



## SECTION 3

# The Recommendation Summary

## 3.1 What is the Recommendation Summary?



**The Recommendation Summary summarizes the expenditure portion of the request**

The "Recommendation Summary" is the step table format used to summarize the expenditure information in the budget request. The Recommendation Summary begins with current biennium legislative spending authority and lists the significant incremental changes in the carry-forward, maintenance, and performance levels to arrive at the agency's 2003-05 request. Ideally, each single budget line on the Recommendation Summary should represent a single budget policy decision.

### Conceptual Description of the Recommendation Summary

Budget Level	Appropriate Items
Current Biennium	Legislatively authorized appropriation level or nonappropriated expenditure level
Carry-Forward Changes	<ul style="list-style-type: none"><li>• Biennialization of legislatively directed workload and program changes</li><li>• Shifting of any continuing unanticipated federal and private/local expenditures to anticipated appropriation type</li><li>• Negative adjustments for nonrecurring costs</li></ul>
Maintenance Changes	<ul style="list-style-type: none"><li>• Mandatory caseload, workload, and enrollment changes</li><li>• Rate changes, such as lease, fuel, postage</li><li>• Revolving fund and other rate adjustments</li><li>• Specific compensation adjustments: OASI, merit increments (for agencies with less than 100 FTEs), retirement buyout costs</li><li>• Inflation</li><li>• Changes to nonappropriated accounts beyond current allotted levels</li><li>• Other mandatory cost increases outside agency control</li><li>• Transfers between programs, agencies, or between years for dedicated accounts</li><li>• Unanticipated receipts not included in carry-forward level</li><li>• Federal, private/local, and dedicated fund adjustments</li></ul>
Performance Changes	<ul style="list-style-type: none"><li>• New programs or services</li><li>• Discretionary workload in current programs</li><li>• Reduction or elimination of current programs</li><li>• Significant changes in fund sources</li></ul>
Total Budget Request	Sum of Items Above

### 3.2 What are the submittal requirements?

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**The Recommendation Summary has a required format**

The Recommendation Summary displays the requested dollars by fund and the average annual FTE staff for the biennium for each significant change between current biennium and the ensuing biennium budget request. Each change item in the carry-forward, maintenance, and performance levels is listed as a separate line item with its own Recommendation Summary code and description. An example of the Recommendation Summary form is provided in Appendix A-6.

**BDS will generate the Recommendation Summary**

The agency is able to generate the Recommendation Summary directly from the Budget Development System once it has entered its decision package information.

**Caution: The Recommendation Summary reports submitted to OFM must contain the OFM current biennium and carry-forward level amounts**

Carry-forward decision packages prepared in BDS will not be released to OFM; OFM will use its calculated carry-forward level as the base data. **However, OFM and Legislative staff do use the Recommendation Summary reports provided by the agency in its budget submittal--these reports must show the OFM approved carry-forward level or OFM will ask agencies to resubmit correct reports.**

**Most agencies submit the Recommendation Summary at the agency level**

Agencies must submit a Recommendation Summary at the agency level unless they are required to submit budgets at a lower level. The agencies listed in Section 1.3 must submit a Recommendation Summary at the program level.

**Use approved codes to designate change items**

Agencies must use valid Recommendation Summary (RecSum) codes to identify each incremental change. The Budget Development System puts the codes that we want agencies to use at the bottom of the decision package code listing. (RecSum codes are called decision package codes in BDS.) Sections 5 and 6 also note OFM-designated codes that must be used for certain types of maintenance and performance level changes.



**Most agencies must submit program level summary information**

All agencies, except single program agencies, should provide summary information at the program level. This "Agency Budget Levels by Program" format displays dollars by fund and year and FTE staff for each of the four significant subtotals (Current Biennium, Carry-Forward Level, Maintenance Level, and Performance Level) on the agency Recommendation Summary.

The BDS system produces this summary information.

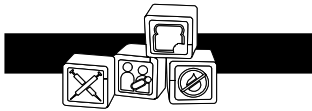




## SECTION 4

# Decision Packages

### 4.1 What is a decision package?



#### What is a decision package?

Decision packages are a key set of building blocks for constructing the budget request. The decision package is the place for the agency to make a persuasive case regarding the proposed change.

Decision packages organize and describe proposed cost changes in a way that highlights the budget decisions. The decision package consolidates the financial information, the supporting justification, and the statement of impact for a specific action or policy proposed for implementation in the budget. One decision package describes a proposed item of change listed on the Recommendation Summary.

The Budget Development System (BDS) assists agencies in developing all components of budget decision packages. It also automatically displays the expenditure, revenue, and FTE detail that agencies enter into the system rolled-up to the selected level (agency or program) for the decision package report.

#### When is a decision package needed?



Decision packages are required for all incremental changes to the current biennium budget except for changes for OASI, pension rates, inflation, and revolving fund charges.

Decision packages should be prepared at the required budget level (agency level except for those agencies listed in Section 1.3), but should always describe which programs and activities are affected by the request.

#### Decision packages should represent significant, discrete decisions



Each decision package will appear as one line with a **positive or negative** amount on the Recommendation Summary and should represent a significant, discrete budget decision. Craft your decision packages so that they group related items, but do not obscure or combine separate decisions.

The budget decision hinges on the stated performance objective being addressed.

Example: Seven new driver's license examining stations are proposed to expand geographic coverage for an existing service and to reduce waiting time for clients. The location of the examining stations or the objects of expenditure affected are necessary components of the supporting detail; but they are not separate budget decisions. In this case, the agency would submit one decision package.

Please contact your OFM budget analyst if you have questions about how best to organize budget requests into decision packages.

## 4.2 The required elements of the decision package

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### **The decision package has required elements**

The required decision package elements serve as a checklist for the key information OFM needs to analyze the request. We expect that actual justification materials will vary in length and complexity, depending on the nature of the decision package being proposed. The Budget Development System facilitates the entry of all the required components.

The following are the required elements of the decision package.

#### ***Decision Package (RecSum) Code***

Decision packages are identified with unique, two-digit RecSum codes (called decision package codes in BDS). The BDS will list the allowable codes from which agencies may choose. Sections 5 and 6 also note OFM-designated codes that must be used for certain types of maintenance and performance level changes.

#### ***List decision packages in priority order***

List decision packages in priority order on the Decision Package Summary. The BDS allows agencies to reprioritize decision packages once their budget development is complete.

#### ***Decision package title***

The title should be short and descriptive, limited to 35 characters. This title will appear on the Recommendation Summary report. The system also offers the option of entering a longer, more descriptive title for other purposes.

**Agency  
Recommendation  
Summary Text**

Each decision package should have a brief description of its purpose, written in complete sentences. This text will be loaded into the OFM WinSum budget system and will serve as the starting point for OFM text that describes items funded in the Governor's budget.

This text is used to communicate what is being funded for each discrete budget addition. Please write the decision package text with this in mind. The text should clearly and concisely state the problem, indicate what is being done to address it, and justify the need. Strive for succinct, precise, and non-technical text. The text should avoid jargon and acronyms and be clear to an audience that isn't necessarily expert on the issue. We suggest agencies limit this text to about 100 words.

We urge agencies to look at examples in the last budget for guidance on the kind of summary information we are looking for. The link below will take you to the Recommendation Summaries published for the 2001-03 budget proposal.

<http://www.ofm.wa.gov/budget01/recsum/contents.htm>

**Fiscal Detail**

The BDS automatically displays the operating expenditures by account, the staffing detail by FTEs, and the revenue detail by account that agencies have entered into the system for each decision package. The BDS provides the option of printing the fiscal detail at the agency level or with program detail (required for those agencies appropriated by program listed in Section 1.3).

**Description**



Briefly describe existing activities as they function at the current budgeted level. This may include references to workload, eligibility standards, delivery system, staffing, etc. Describe the problem that is being addressed, the nature of the change, and **which activities—as defined in the Agency Activity Inventory—are affected and how**. The description should also include a proposed implementation schedule to be followed if the item is funded.

**Narrative justification  
and impact statement**

The core of the decision package is the justification for the change being requested and a statement of its effect on agency strategies and operations. The BDS is structured to elicit information for each of the following elements of the decision package.

- **How this decision package contributes to the agency's strategic plan.**

- Identify the measures—output, outcome, and/or efficiency (agencies will not necessarily submit all three types of measures for each decision package)—that will be affected by the decision package, and identify the incremental change in annual performance targets for each measure for each applicable fiscal year if the decision package is enacted. If you do not include this information, expect your OFM analyst to ask why the agency does not expect a change in performance as a result of a funding change. The BDS provides for easy linkage to the Performance Measure Tracking and Estimate System (PMTES) to identify goals supported and record performance measure incremental impacts for each decision package.

Refer to Section 9 for more information about this and producing the Agency Performance Measure Estimates report (B11).

- **The reason for the change.** What is the problem that is being addressed?
- **The impact of the change on agency clients and services.** What levels of service are provided today and at what cost and staffing level? How will existing services be altered by the change in funding? Will additional resources increase efficiency, respond to additional workload, expand eligibility, or enhance services?
- **The impact on other state programs or other units of government.** Describe whether a decision package item alters costs, workload, operations, or revenues in another agency program, another agency, or another unit of local or federal government.
- **The relationship, if any, to the state's capital budget.** If the decision package item requires new space, alterations to existing space, or increased maintenance, the additional demands should be described. Also note if the proposal reduces facility requirements. If an agency capital budget request supports the decision package, it should be referenced by the same project title, number, cost, and fund source in both places.
- **Revisions required in an existing statute, Washington Administrative Code (WAC), contract, or state plan** in order to implement the change.

- **A discussion of alternatives explored by the agency**, including the pros and cons of the alternatives, why they were not selected, and why the recommended alternative was chosen. In addition to other budget alternatives considered but not selected, the agency should present information on the following non-budgetary alternatives to the proposed budget change:
  - Best practices or process improvement/reengineering efforts undertaken to improve the efficiency and effectiveness of the process affected by this budget change. If not undertaken, why not.
  - In December of 2001, OFM and the departments of General Administration, Information Services, and Personnel published a list of “Best Practices” (on the Internet at <http://www.wa.gov/dis/bestpractices>)—opportunities for agencies to streamline their administrative processes.
  - Although the Best Practices are not mandatory, agencies are expected to demonstrate a good faith effort to adopt those practices that fit their business operations. For agencies seeking budget enhancements during the budget preparation process, OFM will be asking about progress in implementing Best Practices before requests to fund other administrative improvements will be considered.
  - Regulatory or statutory changes pursued in order to simplify, reduce, and streamline requirements that must be fulfilled by the agency process(es) affected by this budget change. If not undertaken, why not.
  - Resource redeployment options undertaken to maximize the efficiency of existing agency financial, staffing, capital, or technology resources devoted to the problem this budget change is designed to address. If not undertaken, why not.
- **Budget impacts in future biennia.** Discuss effects on expenditures, FTEs, fund sources, and revenue.
- **A distinction between one-time and ongoing functions and costs.** Please describe and include the dollar amount, how much of the request is necessary to cover one-time funding (such as for equipment or a study).
- **Effects of non-funding.** Please describe the consequences to stakeholders and client-groups of not funding the decision package as requested.

- **Expenditure and revenue calculations and assumptions.**

Agencies should display the calculations (e.g., unit costs and formulas) used to arrive at expenditure, revenue, and workload estimates connected with the decision package. Clearly identify the factual basis of any policy or workload assumptions and how the cost estimates are derived from these assumptions.

**If a new fee or fee increase is proposed, please include the following information:**

- Fee title
- Description of fee change
- Rationale for fee increase
- Dollar amount of fee change or change in rate
- Affected stakeholders
- Note whether legislation is required
- Note whether the fee increase is above the fiscal growth factor (refer to Part 1, Section 1.2)

***Objects of expenditure***

**Objects of Expenditure.** This portion of the report is automatically inserted into the decision package from the Object Detail worksheet created by the agency in the BDS. While the agency's base budget is not required to be submitted by object, OFM analysts do find it very helpful to understand how the new funding requested in the decision package will be used.

**See the Decision Package Example in Appendix A-2**

We have included a model decision package example in Appendix A-2 to show the level of information and support we expect to see in decision packages.

**Appendix A-5 provides a guide for developing cost estimates**

Appendix A-5 provides a guide for developing cost estimates in the budget. It offers both helpful hints and expectations for cost estimating techniques.



### Other guides for developing good decision packages

Refer to Section 10 for a checklist to help ensure that decision packages are consistent with information being proposed in the agency's capital budget.

Refer to Section 11 for information on information technology portfolios and the required additional information elements that must be included in relevant decision packages.



Refer to Section 12 for the required information to include in self-insurance premium decision packages.

The Part 1 instructions provide information on how the decision package information should be linked to the agency's strategic plan and performance measures.

### How OFM will use the activity inventory, strategic plan, and performance measure information in analyzing decision packages

As part of the budget recommendation process, OFM will be considering whether the activity inventory, the strategic plan, the decision package, and the performance measures make the business case for any requested financial change. Agencies should make sure that the decision package submittal helps answer the following questions:

- What changes in external environment, customer characteristics, internal capacity, or risks are driving this request? Has the agency clearly, explicitly, and with supporting data shown that a problem exists that needs solving?
- What policy issues or decisions are driving the request?
- How does the proposal link to the strategic plan, the Governor's priorities, and other relevant policy direction? Does it make sense in the context of the strategic plan, the balanced scorecard, and performance measures?
- What is the priority of this proposed change compared to other proposals? Compared to existing activities funded in the base budget? What are the policy tradeoffs implied by this prioritization?
- How will this proposal affect other programs, agencies, and major partners? Have they been involved in the development of this proposal?
- How does this proposal affect or relate to the agency's or Governor's request legislation?
- What data can the agency supply to show that the proposed solution will be effective? Can it be tracked as a performance measure?

- Does the projected performance return for this proposed investment seem feasible and does it seem compelling?
- How will this proposal enhance agency efficiency?
- Why this option and not others? What evaluation process led to this solution?
- If not funded, would you decide not to proceed or would you reprogram other resources?
- Why is this change presented as an incremental increase instead of a reprioritization within the base?

**Agencies should be prepared to answer these questions about agency management practices**



Recently the Governor signed the 2002 supplemental budget, which addressed a \$1.5 billion budget shortfall. Early forecasts for the next biennium indicate that we will likely face a significant budget gap once more. The budget development process for the 2003-05 Biennium will need to refocus and reshape state government to fit within financial constraints. The Governor wishes to concentrate on core government functions and to ensure that those functions are performed as efficiently as possible.

Agencies should be prepared to answer the following questions from their OFM budget analysts about the agency's management practices. This information should be incorporated into the budget materials wherever appropriate.

- What steps have you taken to implement the agency best practices recommended by Governor Locke in December 2001? (Best practices can be viewed on the Internet at <http://www.wa.gov/dis/bestpractices/>.)
- In what ways have you focused your agency-wide quality improvement, process improvement, and regulatory improvement efforts to reduce unnecessary or low-value expenditures?
- What steps have you taken to review and prioritize all agency programs and business lines, with an eye toward redirecting resources from lower-value activities to core, mission-focused activities?
- What consideration have you given to revisiting statutes that require low-value activities, or require that your activities be implemented in ways that add cost but do not provide measurable benefits?

- What steps have you taken to re-examine agency assumptions regarding desired staffing models, technology infrastructure, and capital assets? Are the current approaches still necessary, or is it possible to make changes that lower cost without sacrificing quality, productivity, or high-level results?
- To what extent have you partnered with other agencies or other units of government (state, local, or federal), to reduce duplication of effort and promote financial cooperation? Examples include co-location of field offices with those of other agencies in order to share support staff or other costs.

**Avoid these common errors**

- Remember to shift ongoing unanticipated receipts appropriation type coding in the ensuing biennium from type "3" or "9" to a type "2" or "7" in carry-forward level.
- Remember to merge allocation accounts 406 and 427 into regular account sources.
- Avoid creating decision packages that are too broad or too narrow. Broad categories like "increases in mandatory costs" do not show what types of expenses have increased. However, an item like "increased lease costs in the Selah office" is too narrow if there are similar lease increases in several offices.
- Remember to list decision packages in priority order on the decision package summary. The BDS is designed to assist an agency in reordering the priority of decision packages as the agency develops its budget.





## SECTION 5

# Carry-Forward and Maintenance Levels

## 5.1 What is the carry-forward level?



**What is the carry-forward level?**

**OFM calculates and provides the carry-forward level to agencies**



The carry-forward level is a reference point created by calculating the biennialized cost of decisions already recognized in appropriations by the Legislature.

OFM calculates the carry-forward level for each agency and provides agencies with a worksheet indicating the amount by account that must be placed in budget submittals. OFM budget analysts will be discussing these calculations with agencies as soon as possible after the passage of the 2002 supplemental budget. We expect carry-forward level to be finalized by mid-June 2002.

At the agency and fund level, the carry-forward level in the agency budget submittal must match the total for each account-appropriation type on the OFM carry-forward cost worksheet. Agency budget submittals should display at least one incremental step between current biennium and carry-forward level to reflect total changes. Since the OFM budget database will already contain all the specific incremental items that belong in carry-forward level, it is not necessary for an agency to create a decision package for each item.



OFM uses recommendation summary (RecSum) codes to summarize common items of change at the statewide level. These codes are identified on the report sent to agencies indicating the carry-forward level amounts by account. Agencies should consider using these codes in their own budgets for consistency and comparative purposes.

**How OFM calculates the carry-forward level**

The OFM calculation starts with the 2001-03 expenditure authority as represented by current appropriations, compensation or other allocations, and the nonappropriated funds assumed in the legislative budget. Governor's Emergency Fund allocations are considered nonrecurring costs and are not typically added to the base. Adjustments are then made for biennialization of legislatively directed workload and services changes and for deletion of costs that the Legislature considered nonrecurring. Nonappropriated funds are adjusted to match allotments. These ensuing biennium revisions generally match legislative assumptions of "bowwave."

Unanticipated receipts received and approved in 2001-03 that will continue in 2003-05 are also considered part of carry-forward level if approved prior to the finalization of the carry-forward cost calculation. (See Section 5.4)

**Examples of carry-forward level adjustments**

**Legislatively directed workload changes** – Only those changes already recognized by the legislative appropriation level in 2001-03 (or for nonappropriated accounts, through a change in the legislative budget database or allotments) are included. Examples: staffing for opening of new facilities; biennialization of the cost of mandatory caseload, enrollment, or population growth that occurred during 2001-03.

**Legislatively directed changes in level of services** – Again, only the carry-forward of those changes recognized by the Legislature through revised appropriations are included in carry-forward level. Examples: a change from annual to semi-annual inspections, or an increased resident-counselor ratio.

**Nonrecurring costs** – Nonrecurring costs usually reflect deletions of what the Legislature has identified as projects or other short-term expenditures. Legislatively directed nonrecurring costs are eliminated in carry-forward level; agency-generated savings would be shown as negative adjustments in maintenance level.

**Some changes will not be part of carry-forward**

Increases in Fiscal Year 2003 expenditure levels not specifically authorized by the Legislature, such as agency reallocation of dedicated funds from Fiscal Year 2002 to Fiscal Year 2003, are excluded from the bowwave calculation for carry-forward level. Fiscal Year 2003 increases in nonappropriated fund sources would have to be supported by a specific tie to legislative direction or an approved allotment before being included. Shifts from Fiscal Year 2003 to Fiscal Year 2002 approved by OFM as authorized by Section 709 of ESSB 6387 (2002 supplemental operating budget) will not affect carry-forward level.

**Caution: The Recommendation Summary reports submitted to OFM must contain the OFM carry-forward level amount**

Carry-forward decision packages prepared in BDS will not be released to OFM; OFM will use its calculated carry-forward level as the base data. **However, OFM and legislative staff do use the Recommendation Summary reports provided by the agency in its budget submittal. These reports must show the OFM approved carry-forward level or OFM will ask agencies to resubmit correct reports.**

## 5.2 What is maintenance level?

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**What is maintenance level?**

Maintenance level reflects the cost of mandatory caseload, enrollment, inflation and other legally unavoidable costs not contemplated in the current budget. Expenditure adjustments may be positive or negative, depending on expected experience in the ensuing biennium. Agencies will notice that BDS splits maintenance level into two different levels to indicate different kinds of maintenance level costs.

**Who prepares maintenance level?**

Agencies prepare the maintenance level component of the budget submittal. Like the carry-forward level, maintenance level is a reference point for budget consideration; it is not a guarantee of that amount of funding.

**Maintenance level 1 includes mandatory caseload and enrollment changes**

A mandatory caseload or enrollment change arises from an explicit statutory requirement for state-funded services. A change in the demand or the need for a service is not mandatory unless the recipients of that service (or benefactors of the activity) are entitled by statute or rule. These kinds of maintenance level changes are entered as maintenance level 1 items in BDS.

Be sure to identify projected caseload growth separately for each discrete service provided by the agency – at the same level of detail as forecasted by the Caseload Forecast Council.

**Maintenance level 2 includes inflation and other rate changes**

Costs related to inflation and mandatory rate changes are included in BDS as maintenance level 2 items. Examples of these types of changes include: OASI rate revisions, salary increments (for agencies with less than 100 FTE staff), general inflation, existing lease/purchase contract payments, utility expenses, and increased costs for existing leases. Costs for new leases, moves or acquisition of new space should be included in the performance/policy level budget request.

**Salary increments**

Because vacancy rates typically result in savings that can offset salary increment costs in large agencies, agencies exceeding 100 FTE staff per year should not include merit system salary increments in their maintenance level calculation. Smaller agencies may identify increments as long as the cost does not exceed 2.5 percent of annual salaries. If an agency believes it has justification for salary increments beyond these limits, they should include them in their performance/policy level. Salary increments should not be added for exempt or Washington Management Service (WMS) staff.



**DO NOT include Salary  
Reclassification  
Requests in agency  
budget submittals**

Substitute Senate Bill 6767 (Chapter 319, Laws of 1996, and RCW 41.06.152) created a permanent process for funding consideration of class studies, reclassifications, and salary adjustments that are subject to Washington Personnel Resources Board (WPRB) review and approval. As part of this process, agencies submit reclassification requests to the Department of Personnel (DOP). These requests are reviewed by WPRB, which creates a prioritized list of funding recommendations to the Governor and the Legislature. DOP submits this list at the same time it submits its biennial budget request to OFM. Since these funding requests are not included in individual agency budgets, agencies considering salary requests covered by this process need to comply with DOP's timelines for submittal of comprehensive WPRB packages.

**Nonappropriated  
expenditure  
adjustments**

Unless they are part of a performance/policy level decision package, budgeted/nonappropriated expenditures beyond current allotment belong in the maintenance level 2 category. Display all nonappropriated expenditure adjustments on one line, titled "Nonappropriated Funds Adjustment," regardless of the number of fund sources or programs. The decision package for this item should explain any changes from the current biennium's OFM approved allotment levels.

The 2003-05 budgeted level for nonappropriated funds will become the control numbers for the 2003-05 allotment of those accounts. For this reason, agencies should budget the maximum amount they anticipate spending in the ensuing biennium. Decision packages for nonappropriated accounts that reflect a policy change should be requested in the performance level of the agency's budget.

**Agencies must use  
OFM specified RecSum  
codes for certain items**



OFM has developed recommendation summary (RecSum) codes in order to more clearly identify maintenance level items of change at the statewide level. Agencies must use the RecSum codes identified below for maintenance level changes. Please note that most maintenance level changes will fit within a specific category, but there is a miscellaneous rate change code and a miscellaneous other change code if needed. Please discuss items you wish to include in these categories with your OFM analyst before submitting them. You may include more than one change within the decision package, but the decision package description and expenditure calculations and assumptions should clearly identify each change.

Budget Level	RecSum Code	Description
ML1	8A	Federal Requirements Workload, DSHS
ML1	93	Mandatory Caseload Adjustments
ML1	94	Mandatory Workload Adjustments (other than SPI)
ML1	95	Enrollment/Workload Adjustments, SPI
ML1	9C	Initiative 732 COLA
ML1	9R	Utilization Changes (DSHS only)
ML2	8B	Technical Corrections (with concurrence of OFM only)
ML2	8C	Minimum Wage Adjustments
ML2	8D	Budget Structure Changes (LEAP approved)
ML2	8E	Interagency Rate Changes (Motor Pool, Personnel Services Charges, etc.)
ML2	8F	Fuel Rate Adjustment
ML2	8G	Approved Allotment Changes Above CFL (DSHS only)
ML2	8H	Assessments (weed and fire assessments)
ML2	8L	Lease Rate Adjustments
ML2	8M	Mileage Rate Adjustments
ML2	8P	Postage Rate Adjustments
ML2	8R	Retirement Buyout Costs (smaller agencies may identify costs)
ML2	8U	Utility Rate Adjustments (for non-General Administration utility billings)
ML2	8X	Self-Insurance Premiums
ML2	8Y	Other Rate Adjustments
ML2	90	Revolving Funds (OFM use only)
ML2	91	Workers Compensation Changes
ML2	97	Merit System Increments (less than 100 FTEs)
ML2	98	General Inflation (OFM use only)
ML2	99	OASI Adjustments
ML2	9D	Pension Rate Changes (OFM use only)
ML2	9E	Other Fund Adjustments
ML2	9F	Federal Funding Adjustment
ML2	9G	FTE Staff Adjustment (with no dollars associated)
ML2	9H	FMAP Match Adjustment
ML2	9I	K-12 Inflation
ML2	9J	Nonappropriated Funds Adjustment
ML2	9K	Levy Equalization Update (SPI only)
ML2	9L	Local Funding Adjustment
ML2	9M	Medical Inflation
ML2	9N	Contractual Obligation Adjustments

ML2	9P	Pension Adjustments, other than rate changes
ML2	9Q	Equipment Maintenance/Software Licenses
ML2	9S	Equipment Replacement Costs (for extraordinary replacement costs not part of CFL)
ML2	9T	Transfers (between programs, agencies, years, or funds)
ML2	9U	Unanticipated Receipts not included in CFL (ongoing)
ML2	9V	Operating Costs/Existing Capital Projects
ML2	9Y	Fire Suppression 10 year Average Adjustment
ML2	9Z	Other ML Adjustments

#### How to treat payments to revolving funds in maintenance level



Do not include maintenance level changes for payments to revolving funds in the agency budget submittal. They will be added by OFM in the fall when decisions have been made on service agency budgets. Agencies will be provided with a revolving fund base amount and fund splits in the spring and will be asked to review and request changes to fund splits at that time. See Section 13.3 for more information.

### 5.3 Inflation for maintenance level

#### OFM will calculate agency general inflation this year



OFM will calculate the general inflation to be included in agency maintenance level budgets. It will be applied to agency budgets after they are submitted. OFM will use an approach to calculate inflation similar to historical methods.

OFM will use the following inflation factors, which are based on economic forecasts of the Implicit Price Deflator (IPD) for personal consumption, as measured by the U.S. Department of Commerce. The IPD is used for determining inflation for state budgeting purposes because it is considered more representative of the general mix of goods and services purchased by the state than other indicators available. The other primary inflation index, the Consumer Price Index (CPI), may not adequately allow for the effects of technology and quality changes.

#### Inflation Factors by Fiscal Year – Percentage Change

	Actual	Forecast	→		
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
% Change	2.5	1.0	1.7	2.3	2.3

**Seeking a rate exception**

If an agency believes a different rate is justified, that rate should be approved by the OFM analyst prior to the agency budget submittal. The difference between the rate shown above and any other approved rate can then be shown as a decision package item in the performance level budget.

## 5.4 How to treat unanticipated receipts

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**What are unanticipated receipts?**

“Unanticipated receipts” are monies received from the federal government or other non-state sources that were not anticipated in the appropriations approved by the Legislature and can only be used for a purpose specified by the grantor. A statutory process described in RCW 43.79(270) allows agencies to request expenditure authority for these unanticipated revenues through OFM.

**Where should they be included in the budget?**

Ongoing funding for unanticipated receipts approved before finalization of carry-forward level (expected to be mid-June, 2002) may be requested as part of the 2003-05 carry-forward level as long as they meet the following criteria:

- There is a realistic expectation that the original funding source support will continue; and
- The activity is consistent with stated programs, goals, and objectives of the agency.

Requests to budget revenue and expenditures originally received as unanticipated receipts should reflect an ongoing source of funding (i.e., federal or local) rather than coding for unanticipated receipt appropriation types.



## SECTION 6

# Policy and Performance Level

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## 6.1 What is the policy and performance level?

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### What is the policy and performance level?

Incremental expenditure changes that do not fall within the definitions of carry-forward or maintenance levels are considered policy or performance changes. These changes may represent revised strategies or substantial differences in program direction, and can include proposed program reductions. Each significant change to current performance must be justified in a decision package.

Here are some examples of policy and performance level items.

**Discretionary Workload** – The expenditures necessary to address workload not defined as mandatory.

**New Programs or Services** – New programs or any change in the level or scope of existing programs. This category also covers improvements that would result in more effective delivery of services, or higher quality services, and proposals for enhanced employee development or training programs. Funding for new programs requiring legislative authorization is also to be included on the Recommendation Summary. (See Section 1.5)

**Program Reductions and Other Changes** – Requests for new programs can sometimes replace lesser priority programs. Any policy decision that would result in a reduction of services or clients should be displayed as a separate decision item.

**Use specified RecSum codes for certain items**

OFM has developed Recommendation Summary (RecSum) codes in order to summarize certain common items of change at the statewide level. Agencies must use these codes for the following OFM designated types of changes.

Budget Level	RecSum Codes	Description
Performance	92	Puget Sound Water Quality Expenditures
Performance	9A	Boards and Commissions Reductions
Performance	9B	Justice Information Network
Performance	9W	Operating Costs/Proposed Capital Projects
Performance	9X	Self-Insurance Premiums, Experience

**How to make requests for the Justice Information Network**

The Justice Information Network (JIN) is a multi-agency, multi-jurisdictional, collaborative effort to ensure coordination, compatibility, and the successful integration of Washington State's justice information systems. It coordinates projects involving state, county, and city law enforcement and court systems. Please use the RecSum code 9B to identify a request for funds for JIN projects so we can coordinate all of the related budget proposals.

**Clearly identify salmon recovery related decision packages**

OFM will be working with natural resources agencies to develop and coordinate salmon recovery related requests. As part of this process, agencies are asked to specifically identify decision packages related to salmon recovery in their biennial budget submittal. This includes any reductions as well as additions. OFM will provide more detailed instructions to agencies by June. Please contact Jim Skalski, (360) 902-0654, if you have questions or need clarification.



## SECTION 7

# Salary, Pension, and Insurance Reports

## 7.1 About these reports



### What is the agency salary base report?



The agency salary base report (B6) provides fund source and employee jurisdiction data for the salaries and FTEs assumed in the agency's maintenance level budget. This information is used to create a database for estimating the cost of proposed salary increases, as a general reference during budget development and, after the budget is passed, for allocating compensation increases approved by the Legislature.

### *Pension Contribution Base Variation*

### *Insurance Contribution Base Variation*

Two additional versions of this salary base report – the Pension Contribution Base (B6-P) and Insurance Contribution Base (B6-I) – contain the specific information needed to estimate statewide costs of pension and insurance contributions and are discussed more fully below.

All three reports (B6, B6-P and B6-I) should include nonappropriated, budgeted funds, characterized by appropriation type "6."



On the B6, include FTEs charged to capital accounts, using the new subobject code AV. On the B6-P and the B6-I, please do not include staff charged to capital accounts.

### OFM may need to request more detail later

See Appendix A-6 for examples of these forms.

OFM may need to request classification level detail at a later date if the Governor or the Legislature decides to consider compensation changes to selected employee classifications. Agencies should retain their detailed BPS1 or other classification detail files until the 2003-05 budget is enacted.

### Agencies should consider use of the BPS1 Salary Projection System

We encourage agencies to use the BPS1 Salary Projection System available through OFM for generating these reports for two reasons: (1) the three required reports are generated electronically, making it easier for agencies; and (2) the data can be released and automatically loaded into OFM's model, reducing the risk of keying errors. This tool can also be used for other staffing cost projection needs. Contact Art Overman, OFM Accounting Division, at (360) 725-5271 for more information about this system.

## 7.2 The agency salary base report (B6)

### How to complete the report

#### **Column 1 - Jurisdiction Code**

Complete the agency salary base report at the agency level (program level for DSHS).

In completing the agency salary base report (B6), the salaries and wages object/subobject combination is referred to as "jurisdiction." List each jurisdiction represented, in alphabetical order, using the appropriate consolidated jurisdiction codes shown below. Jurisdiction definitions will be updated in May 2003 in the OFM State Administrative and Accounting Manual, Section 75.70.20 to match the revisions shown below.

Combine full-time and part-time employees into one entry. Consolidate jurisdiction nonspecific codes AS, AT, and AU with the codes indicated below so that they do not appear on the report.



In April, the Governor signed into law the Personnel System Reform Act of 2002; Chapter 354, Laws of 2002 (Substitute House Bill 1268). This new law is also known as the Civil Service Reform bill or the collective bargaining and contracting out law. This bill authorizes the Office of Finance Management to charge a fee to fund the efforts of the Governor's collective bargaining representative. This fee is to be charged in an amount not to exceed one-tenth of one percent of the approved allotments of salaries and wages for all bargaining unit positions in the classified service (not including Washington Management Service positions) in each of the agencies subject to this chapter, (exemptions are the institutions of higher education, the Office of Financial Management, the Department of Personnel, and the Public Employment Relations Commission).








In order for OFM to collect the data that will allow the calculation of this amount, we are revising the salary jurisdictions starting in 2003-05, as shown below. These revisions allow for the segregation of represented, classified, non-Washington Management Service employees into a jurisdiction separate from other employees.

Please submit your B6 form and data using these new jurisdictions. BPS1 has been revised to accommodate these new jurisdictions, though data that is downloaded from DOP's payroll system will, of course, be in the old salary jurisdictions and will need to be reallocated into the proper jurisdictions.





Subobjects AA and AB are Eliminated for 2003-05

<b>AC</b>	State Exempt
<b>AD</b>	Higher Education Exempt
<b>AE</b>	State Special
<b>AF</b>	Higher Education Faculty
<b>AG</b>	Commissioned State Patrol Officers
<b>AH</b>	Higher Education Graduate Assistants
<b>AJ</b>	State Other
<b>AK</b>	Higher Education Other
<b>AL</b>	Higher Education Students
 <b>AM</b>	Initiative 732 Annual COLA Increases (Represented) <i>(For use by Schools for the Deaf and Blind and by Community and Technical Colleges for <u>eligible</u> staff only)</i>
<b>AN</b>	Justices and Judges
 <b>AP</b>	Initiative 732 Annual COLA Increases ( <u>non</u> -Represented) <i>(For use by Schools for the Deaf and Blind and by Community and Technical Colleges for <u>eligible</u> staff only)</i>
<b>AQ</b>	State Ferry System
<b>AR</b>	Elected Officials
 <b>AV</b>	State Personnel Board Classified (Represented—not WMS) charged to accounts funded in the state Capital budget
 <b>AW</b>	Higher Education Classified (Represented)
 <b>AX</b>	State Personnel Board Classified (Represented—not WMS) <i>(For purposes of this report, do not include salaries for board and commission members who are compensated with per diem only.)</i>
 <b>AY</b>	State Personnel Board Classified (non-Represented) <i>(For purposes of this report, do not include salaries for board and commission members who are compensated with per diem only.)</i>
 <b>AZ</b>	Higher Education Classified (non-Represented)

**Column 2 - Fund Code**

For each jurisdiction shown in Column 1, list the sources of funds used to support salary expenditures. Display fund codes in numerical order using the same source of funds and appropriation type used in decision packages. (See Section 1.5 for direction on how to display account and appropriation type codes.) Account 406 should not appear as a source of funds. Agencies should instead use the dedicated accounts that cover the cost of these staff.

**Column 3 -  
Jurisdiction/ Fund  
Title**

Enter both the title of the jurisdiction and the title of the source of funds (separated by a "/" ) for the codes in Columns 1 and 2 for that line. Use representative abbreviations to limit titles to one line. A "Total" is required for all jurisdictions.

**Columns 4-7 -  
Proposed ensuing  
biennium**

Use these columns to indicate the proposed FTEs and maintenance level expenditures for the ensuing biennium that correspond to the jurisdiction and sources of funds entered in Columns 1 and 2, including the subtotal and total lines. Do not include compensation for members of part-time boards and commissions on the B6, because they are not part of the salary base that receives cost of living increases.

### 7.3 The Pension Contribution Base report (B6-P)

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**How to complete the report**

The retirement system data provided on the agency Pension Contribution Base report will be used for costing pension proposals, for allocating any pension appropriations made by the Legislature, and for responding to inquiries on pension funding. Agencies should provide FTE and salary expenditure information only for employees enrolled in each of the state-supported pension systems.

Certain temporary, part-time, or seasonal employees do not participate in a state-supported pension system. Salaries of these employees should be excluded from the B6 pension base. In most cases, the pension base will be slightly less than the B6 salary base because of the exclusion of these employees. ***The pension base should not exceed the salary base shown on the agency salary base report (B6).***

Prepare the B6-Pension form at the agency level (program level for DSHS).

**Column 1 - Retirement System**

List each retirement system represented in alphabetic order using the following codes:

Retirement Systems	Description
<b>E1</b>	Elected Officials– PERS Plan I
<b>E2</b>	Elected Officials – PERS Plans II/III
<b>F1</b>	Elected Officials – TRS Plan I
<b>F2</b>	Elected Officials – TRS Plan II
<b>H1</b>	TIAA/CREF-5% Contribution Rate
<b>H2</b>	TIAA/CREF-7½% Contribution Rate
<b>H3</b>	TIAA/CREF-10% Contribution Rate
<b>J1</b>	Judges' Retirement System
<b>J2</b>	Judicial Retirement System
<b>J3</b>	Judicial Retirement Account Plan/PERS II
<b>J4</b>	Judicial Retirement Account Plan/PERS I
<b>L1</b>	Law Enforcement Officers and Fire Fighters – Plan I
<b>L2</b>	Law Enforcement Officers and Fire Fighters – Plan II
<b>P1</b>	Public Employees' Retirement System (PERS) – Plan I
<b>P2</b>	Public Employees' Retirement System (PERS) – Plans II/III
<b>T1</b>	Teachers' Retirement System (TRS) – Plan I
<b>T2</b>	Teachers' Retirement System (TRS) – Plan II
<b>T3</b>	Teachers' Retirement System (TRS) – Plan III
<b>W1</b>	Washington State Patrol Retirement System – Plan I
<b>W2</b>	Washington State Patrol Retirement System – Plan II
<b>V1</b>	Volunteer Fire Fighters Retirement System

**Column 2 – Fund Code**

For each retirement system shown in Column 1, list the sources of funds used to support pension contribution expenditures. Display fund codes in numerical order using the same source of funds and appropriation type used in decision packages. (See Section 1.5 for direction on how to display account and appropriation type codes.) Account 427 should not appear as a source of funds. Agencies should instead use the dedicated accounts that cover the pension costs of these staff.

**Column 3 - Retirement System/Fund Title**

List both the title of the retirement system and the title of the source of funds (separated by a "/") coded in Columns 1 and 2 for that line. Use representative abbreviations to limit titles to one line.

When two or more accounts are shown for a single retirement system, a subtotal is required and Column 3 should contain a title "Subtotal (appropriate retirement system title)." Similarly, a "Total" is required for all retirement systems.

**Columns 4 - 7 - Ensuing biennium**

Enter the FTEs and salary expenditure base that correspond to the retirement system and sources of funds entered in Columns 1 and 2, including the subtotal and total lines. This base is composed of the maintenance level salaries that determine the amount of pension contributions made to each of the different retirement systems. Columns 4 and 5 reflect Fiscal Year 2004. Columns 6 and 7 reflect Fiscal Year 2005. Display FTEs with one decimal place only, and use whole dollars.

## 7.4 The Insurance Contribution Base report (B6-I)

**How to complete the report**

The insurance data provided on the agency Insurance Contribution Base report will be used for costing insurance proposals, for allocating any insurance appropriations made by the Legislature, and for responding to inquiries about insurance funding. Agencies must provide **headcount** information, not FTEs, for employees who are eligible for insurance contributions. Temporary, intermittent, and part-time employees working less than 80 hours per month, and for less than six months, are not eligible for insurance and should be excluded from the base for this report.

Prepare this report at the agency level (program level for DSHS).

**Column 1 - Eligibility status**

List each eligibility status category code (listed below) for insurance contributions used by your agency, in alphabetical order using the following codes. Complete definitions can be found in Chapter 182-12 of the Washington Administrative Code.

Eligibility Status	Description
CS	Career Seasonal Employees
FT	Full-Time Employees
JU	Judges
OF	Appointed and Elected Officials
PF	Part-Time Faculty
PT	Permanent Part-Time Employees

<b>Column 2 - Fund Code</b>	For each eligibility status shown in Column 1, list the sources of funds used to support insurance contribution expenditures. Display fund codes in numerical order using the same source of funds and appropriation type detail shown in the decision package. (See Section 1.5 for direction on how to display account and appropriation type codes.) Account 406 should not appear as a source of funds. Agencies should instead use the dedicated accounts that cover the health benefit costs of these staff.
<b>Column 3 - Eligibility Status/Fund Title</b>	List both the title of the eligibility status and the title of the source of funds (separated by a "/") coded in Columns 1 and 2 for that line. Use representative abbreviations to limit titles to one line.  When two or more accounts are shown for a single eligibility status, a subtotal is required and Column 3 should contain a title "Subtotal (appropriate eligibility status title)." Similarly, a "Total" is required for each eligibility status.
<b>Columns 4 and 6 - Ensuing biennium</b>	Enter the <b>headcount</b> that corresponds to the eligibility status and sources of funds entered in Columns 1 and 2, including the subtotal and total lines. The headcount is the number of employees in the maintenance level that are eligible for insurance contributions. Numbers reflected should be whole numbers <b>only</b> – do not enter decimals. Column 4 reflects Fiscal Year 2004 and Column 6 reflects Fiscal Year 2005.

## 7.5 How to avoid common errors on B6, B6-P, and B6-I forms

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### Reminders

- Use only appropriate jurisdiction classifications, as listed in Section 6.2. Jurisdictions most frequently misused are "special," "exempt," and "other."
- Do not include compensation for members of part-time boards and commissions on the B6, because they are not part of the salary base that receives cost of living increases.
- Make sure that the pension base on the agency Pension Contribution Base report does not exceed the salary base on the agency salary base report.
- Remember to use headcount, rather than FTEs, on the B6-I.
- Remember to use whole numbers only – not decimal numbers – for the headcounts on the B6-I.





## SECTION 8

# Agency Revenues and Fund Balance Reports

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## 8.1 Agency Revenues report (B9)

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### What is the Agency Revenues report?

Agency revenue estimates are used to identify funds that support agency expenditure requests, and to assist in estimating statewide fund balances. The Agency Revenues report (B9) form shows revenue that has been or will be credited to budgeted funds in the current and ensuing biennium. See Appendix A-6 for an example of this report.

### Who must submit a B9 form?

Any agency that collects, deposits, transfers, or reports revenue for any budgeted account must complete and submit B9 forms. Only those revenue transactions executed by an agency are reported by that agency. For example, interest earnings (source 0408) are reported by the State Treasurer.

### How is B9 data used?

The second year current biennium and ensuing biennium B9 revenue estimates from agencies are combined with beginning fund balances, actual revenue and expenditure data to determine an account's fund balance.

### Updating Revenue Estimates

OFM uses the Economic and Revenue Forecast Council September and November forecasts for funds forecast by the Council or the Department of Revenue. Other agencies that prepare revenue forecasts for dedicated funds will be required to provide updated data to OFM in September and November so that the most up-to-date estimates are used to determine budget levels.

### What if an account is only partially budgeted?

When an account is partially budgeted, the agency should not report revenue associated with the non-budgeted portion of the account. Partially budgeted or mixed funds are generally proprietary funds. In proprietary funds where only the administrative costs are budgeted, only enough revenue should be submitted to offset the budgeted expenses. In budgeted proprietary funds that engage in sales of merchandise, gross profit (sales net of cost of sales) should be submitted in the budget rather than total sales revenue.

**A reminder about balancing federal and private/local revenues and expenditures**

For all accounts, generally federal revenue must equal federal expenditures shown in the agency's budget (both operating and capital), unless the agency receives federal revenue that is spent by another agency. In this case, federal revenue and expenditures must net to zero at the statewide level.

Similarly, generally private/local revenues must equal private/local expenditures shown in the agency's budget (both operating and capital), unless the agency receives private/local revenue that is spent by another agency. In this case, private/local revenue and expenditures must net to zero at the statewide level.

**Use BDS for preparing the report**

Agencies must use the Budget Development System to prepare the revenue report. Please contact Vicki Rummig at (360) 725-5268 if you need information about, or access to, the system.

Revenue estimates in BDS are to be reported on a GAAP basis. Carry-forward revenue can be captured by creating a carry-forward level, revenue-only decision package. Revenue changes that result from maintenance or performance level items should be captured in an appropriate decision package. These decision packages can be revenue only, or combined with an expenditure change request decision package.

BDS will generate the Agency Revenues report based on the revenue entered in the decision packages.

**Use prescribed revenue and source codes**



The State Administrative and Accounting Manual (SAAM) lists appropriate revenue source codes and titles. Each code contains a two-digit major group code and a two-digit source code. A number of changes are being made to the revenue source codes for the 2003-05 Biennium. Appendix A-4 shows definitions and source codes from the revised chart of accounts that are to be used for the 2003-05 budget submittal.

For budgetary purposes, major source code 03 designates federal revenue, and the source code indicates the federal agency providing the revenue (matching the first two digits of the five-digit agency program index published in the Catalog of Federal Domestic Assistance).



Do not include revenue source transfers 0726 or 0727 (or 0626 or 0627) or any transfers to accounts 406 or 427 in budgeted revenue estimates. These revenue sources and accounts are used only for allocations once the budget is enacted.

### **Explain revenue estimates**

Please include a page of narrative that clearly states the assumptions underlying the estimate of each revenue source following the Agency Revenues report (unless explained in a decision package).

This explanatory material should contain information concerning key assumptions such as economic indicators, population, number of licenses, enrolled students, and other appropriate variables used to forecast revenues. When federal funds are estimated, the basic federal law, regulations, and other relevant information should also be described in sufficient detail to identify the purpose of the funds and how the amounts have been determined.

Be sure the justification answers the following questions about the health and continuing viability of the revenue source:

- How variable are the revenue collections?
- What is the long-term outlook for the stability of the revenue base?
- What are the linkages between the revenue sources and the purposes for which the revenues are used?
- What is the degree of fit between revenue collection patterns and expenditure patterns?

## **8.2 Fund Summary and fund balancing**

### **Fund administrators must submit a Fund Summary**

Administering agencies for specific accounts should coordinate with other agencies using that account and submit to OFM a summary of the fund activity for the 2003-05 Biennium. This summary should include:

- The projected revenue and expenditure by agency in the account for the biennium, and
- The projected ending biennium balance for the account.

See Appendix A-6 for an example of this report.

If you have a question regarding which agency is considered the fund administrator, consult the Fund Reference Manual, which lists the administrator for each account, as well as other descriptive information. The Fund Reference Manual can be found on the OFM Web site at <http://www.ofm.wa.gov/fund/maintoc.htm>.

**Agencies will be asked to verify beginning fund balances**



The Governor must prepare a budget proposal that is balanced for every account each biennium. Beginning fund balances for the current biennium are based on CAFR data. These balances are adjusted to create beginning “budget” fund balances. OFM will send adjusted beginning balances to agencies for verification in the spring.

For Governmental Funds, the unreserved undesignated fund balance is used as the beginning balance in the budget. For Proprietary Funds, amounts not available for expenditure, such as capital assets, or that do not require the use of current resources, such as long-term obligations, are excluded from the beginning balance.

### 8.3 Transfer Reconciliation Statement

**When must a Transfer Reconciliation Statement be submitted?**

Generally, operating revenue transfers balance at the agency level. When both sides of a transfer are not shown on the Agency Revenue report (i.e., transfers between budgeted and non-budgeted funds), a Transfer Reconciliation Statement is required as part of the revenue justification material. This statement will assist the OFM analyst in understanding the purpose and mechanism for the complete transfer.

Here is a sample format for the Transfer Reconciliation Statement.

SOURCE 0621—TRANSFERS IN:

<u>Fiscal Year</u>	<u>Amount</u>	<u>From Account</u>	<u>To Account</u>	<u>Purpose</u>
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SOURCE 0622—TRANSFERS OUT:

<u>Fiscal Year</u>	<u>Amount</u>	<u>From Account</u>	<u>To Account</u>	<u>Purpose</u>
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## 8.4 Working Capital Reserve (B9-1)

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**Who must submit this statement?**

The administering agency of a special revenue fund must also submit a Working Capital Reserve form (B9-1) listing the recommended ending fund balance for those accounts. See Appendix A-6 for an example of this report.

**Use BDS for preparing the report**

Agencies use the Budget Development System to prepare this report. BDS includes the appropriate worksheet and prints the report.

**How to complete the report**

The agency should enter the working capital reserve that, in its judgment, should remain in the account at the end of each biennium to cover fluctuations in cash flow. A reasonable amount would be sufficient to cover two months worth of cash expenditures.

The recommended balance should be entered for each account that should have a working capital reserve. There is no need to indicate a source code.

The recommended ending balance should include, but not be limited to, a cash reserve sufficient to ensure the account does not end the biennium with a negative cash balance. Administering agencies may find it prudent to recommend additional ending balance because of volatile revenues, or to offset an ensuing biennium operating deficit. Administering agencies should ensure sufficient balance to cover revolving fund increases. OFM will estimate possible salary increase amounts and require that sufficient balance in addition to the working capital reserve be available to cover this amount.

Since only the administering agency may enter a recommended ending balance, administering agencies should contact any other agencies operating in the account to determine the impact of those operations before recommending an ending balance.

## 8.5 How to avoid common revenue errors

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### Reminders

- Ensure revenues match expenditures for federal and private/local funds, and that revenues are sufficient to cover dedicated account expenditures.
- Don't submit estimates for revenue that is actually collected by another agency.
- Include revenue that is collected by your agency, even if spent by another agency.
- Do not include transfers to revolving accounts 406 or 427. These special accounts are used for allocation purposes and should not be reflected in an agency's budget submittal.
- Do not include interest earnings (Source 0408) since these are part of the Treasurer's Office estimates.
- Match federal and private/local revenue to the combined expenditures of both the operating and capital budgets.
- Check that you made adjustments to reflect new definitions and source codes.



## SECTION 9

# Performance Measures

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## 9.1 The Agency Performance Measure Estimates report (B11)

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### What is the Agency Performance Measure Estimates report?



Agencies must submit an Agency Performance Measure Estimates report (B11). This report will show, for each major agency goal and related performance measure in the agency's strategic plan:

- The actual performance levels attained for fiscal years 2000 through 2002 and the estimate for Fiscal Year 2003.
- The estimated performance levels for fiscal years 2004 and 2005 at the carry-forward level.
- The estimated performance level for fiscal years 2004 and 2005 for each maintenance level 1 (ML1) or performance level decision package. This level should represent the incremental performance level expected to be obtained if the decision package is enacted.
- The total estimated performance levels for fiscal years 2004 and 2005 for maintenance level 1 and performance level, assuming all proposed decision packages are enacted.

An example of a completed report is shown in Appendix A-6.

### BDS and PMTES are used to generate the report

Agencies will use both the Performance Measure Tracking and Estimate System (PMTES) and the BDS system to generate the report. PMTES is also used by agencies to report quarterly progress on performance measures. Please contact Vicki Rummig at (360) 725-5268 for information about or access to the system.

**How to generate the report**

The table below shows the steps involved in producing the Agency Performance Measure Estimates report (B11) and which system is used for each step.

***Establish descriptions in PMTES first***

The first step is to establish current mission and goal statements, as well as performance measure descriptions, in PMTES. Be sure that they match goals and performance measures included in the paper version of the agency strategic plan submitted elsewhere in the agency budget submittal to OFM. Please do not delete or modify previously published mission statements, goal statements, and performance measure descriptions and amounts. If you would like to link an existing measure to a newly created goal, use the “Copy Performance Measure Function.”

***Don't delete previously published information***

For each measure that will be included in the Agency Performance Measure Estimates Report, set the flags in PMTES to OFM Measure-Yes, Active Measure-Yes, Budget Measure-Yes, and Tracking Measure-No (only if not being tracked in the current biennium, “Yes” if currently being tracked).

***Use BDS for decision package development***

Agencies will develop individual decision packages in BDS and will note as part of the decision package the expected incremental changes to performance results if that package is implemented.

When the agency has selected a budget version for submittal, it must then use PMTES to link to this BDS version. This will enable PMTES to automatically list the decision packages related to each performance measure on the Agency Performance Measure Estimates report.

***After finishing work in BDS, use PMTES for producing the report and use the BASS budget data release function to release budget amounts to OFM***

Agencies will use PMTES for producing the Agency Performance Measure Estimates report. PMTES will list the title of each decision package related to each performance measure. Agencies will then need to manually enter the sum of the performance measure estimates for each line; the system does not perform these computations. The performance measure estimates should show the cumulative effect of each added package. Use the Performance Measures Reports function in PMTES to print the report. Refer to the BASS Budget Data Release Quick Reference Guide for information on releasing the budget amounts to OFM (<http://bass.ofm.wa.gov/basspr/library/PM-BudRel.pdf>; <https://services-bass.ofm.wa.gov/basspr/library/PM-BudRel.pdf> for Fortress users).

**System Functions for Creating the Agency Performance Measures Report (B11)**

<b>Function</b>	<b>PMTES</b>	<b>BDS</b>
Establishing <b>goal statements</b>	X	
Establishing <b>performance measures descriptions</b>	X	
Establishing <b>decision packages</b>		X
Creating new <b>budget versions</b>		X
<b>Linking performance measures to decision packages</b>		X
Establishing <b>incremental performance estimates for decision packages</b>		X
<b>Linking to the BDS budget version</b> for performance measure budget amounts entry, reporting, and release	X	
Establishing <b>annual budget estimates and actuals for the B11</b>	X	
<b>Printing the Agency Performance Measure Estimates report (B11)</b>	X	

**OFM's Part 1 instructions provide guides and resources for developing measures**

The Part 1 instructions contain more information on how to develop and modify the performance measures themselves. The appendices include performance measure guides and examples, as well as a selected source list.

**9.2 How to avoid common performance measure errors****Reminders**

- Make sure you have entered the agency's current mission statement in PMTES. Do not delete or modify previous versions.
- Be sure to enter current goal statements that match goal statements included in the strategic plan submitted with the agency's budget request. Do not delete or modify existing goal descriptions.
- Be sure to enter current performance measures that match measures included in the strategic plan submitted with the agency's budget request.
- Do not delete or modify previously published performance measure descriptions or tracking amounts.

- Remember to provide outcome measures, not just output measures.
- Don't use measures that are hard to understand. Try to avoid the use of jargon and acronyms in performance measure descriptions.
- Don't word performance measures as objectives.
- On the Agency Performance Measure Estimates report, show the incremental change in performance for each decision package.
- Prepare the final Agency Performance Measure Estimates report after the decision packages are finalized and prioritized.
- PMTES does no computations. You'll need to check for logic and accuracy.
- Format numbers with percentages, dollar signs, etc., as needed.
- Remember to release PMTES budget estimate data using the BASS budget data release function.





## SECTION 10

# Facility Maintenance and Links to the Capital Budget

## 10.1 Linking the operating and capital budgets



### Relationships between the operating and capital budgets

While agencies will submit a separate capital budget request, facility-related costs may appear in both the operating and capital budgets. The agency should ensure that:

- The operating budget includes all facility maintenance costs related to the capital budget request or to previously authorized facilities.
- The capital budget, like the operating budget, is derived from the agency strategic plan.

The OFM capital budget instructions provide more information on capital budget submittal requirements and the expected links between the strategic plan and capital budget submittals. This section is meant to provide a checklist for agencies to synchronize their capital and operating budgets.

### Is the capital budget request consistent with decision package responses?

As a component of a decision package, agencies must answer the question: “Can existing facilities accommodate this program without remodeling or renovation?” A “no” answer indicates that a capital budget request may be appropriate.

### Is the operating budget request consistent with the Deferred Repair and Renewal Backlog Reduction Plan?

In its *Capital Budget Instructions*, OFM will ask agencies to submit a Deferred Repair and Renewal Backlog Reduction Plan (DRRBRP). This plan was formerly known as the Deferred Maintenance Backlog Reduction Plan. The change in title reflects an important distinction between maintenance and repairs that is consistent with JLARC and other studies currently underway. Generally, the operating budget should handle maintenance and the capital budget should handle larger repairs.

The DRRBRP will describe the extent of the agency's deferred repair and renewal, how deferred maintenance and repair and renewal needs are changing over time, and whether any deferred backlog affects delivery of agency essential services. Agencies must quantify identified issues and/or categories of work in their Plan.

The DRRBRP should also include the agency strategy for reducing its backlog. The cost of ongoing maintenance in operating budgets must be coordinated with proposals for facilities preservation projects in agency capital budgets.

**Are capital project requests integrated with decision packages?**

The *Capital Project Request, Form C-2*, requires information about operating budget costs (or savings) associated with a proposed capital project. OFM will review decision packages and C-2 forms together to better understand the relationships and costs of agency programs and the facilities that support them.

**Ensure consistency between operating and capital budget requests**

- Align the agency's Ten-Year Capital Plan and the agency's strategic plan submitted in the operating budget.
- Relate performance measures in the operating budget to programmatic capital budget requests in the Ten-Year Capital Plan.
- Include lease or debt service costs for alternate financed capital projects in the agency's operating budget during the biennium in which they occur.
- Identify operating and maintenance cost estimates for land acquisition or improvement where the primary purpose is recreation or wildlife habitat conservation.
- Include costs associated with construction, renovation, and occupancy of space in Thurston County owned and managed by the Department of General Administration in the affected agency's operating budget.

**JLARC studies relevant to Budget Development**

The Joint Legislative Audit and Review Committee (JLARC) is engaged in two major studies relevant to the 2003-2005 capital budget development process which will result in requests for information during the agency budget development cycle. Both studies were commissioned by the Legislature in the 2001-03 capital budget and have operating budget implications.

The *Higher Education Facility Preservation Study* is examining the condition, maintenance, repair, and renewal of state higher education facilities, including those within the six baccalaureate institutions and the community and technical college system. The study will produce information about higher education facility preservation that can be applied during the 2003-05 legislative budgeting process, as well as explore a framework for ongoing preservation reporting, management, and budgeting. The study report is due in September. JLARC is currently working closely with higher education institutions, as well as OFM and the Higher Education Coordinating Board, in conducting the study.

The *Capital Budget Staffing and Administrative Costs Study* is designed to account for the staffing, administrative, and overhead costs paid by the capital budget; examine the policy and financial implications of funding these costs from the capital budget; and, as appropriate, make recommendations about accounting for these costs during the budgeting process. To collect information for this study, JLARC is preparing to distribute a detailed survey of agencies that receive capital budget appropriations. The survey, to be administered later this spring, will be designed to identify: staffing, administrative, and overhead costs associated with implementing agency capital programs; funding sources used to pay these costs (whether from capital, operating, transportation, or local funds); roles and functions performed by staff; the extent to which functions and costs are one-time or ongoing, and whether they would be incurred in the absence of specific capital projects or programs; and the policy and budgeting history leading up to the current situation.

**Refer to Appendix A-5 for more guidance**

Appendix A-5 provides some information and guidelines for estimating facility-related costs. The appendix includes information on:

- Internal rents-financing cost recovery charge,
- Internal rents-capital projects surcharge, and
- Maintenance costs.





## SECTION 11

# Information Technology Portfolios

### 11.1 Information technology portfolios and the budget request



**IT project requests need to reflect the portfolio planning and management process**

Significant information technology (IT) budget request items must be reflected in the agency's IT portfolio. The Information Services Board (ISB) and the Legislature have adopted IT portfolios as the planning and management process for IT resources. The portfolio management process integrates agency strategic planning, technology planning, and the budget process. For the 2003-05 budget process, agencies making budget requests for IT investments should do so in the context of their IT portfolios.

ISB policies regarding portfolio management are available at <http://www.wa.gov/dis/portfolio>. Agencies should contact their assigned Department of Information Services Senior Technology Management Consultant for assistance or additional information.

Agencies may also find valuable information and guidance on analyzing and building a business case for information system options at this Department of Information Services link.

<http://www.wa.gov/dis/isb/coresystem>

**Agencies are encouraged to collaborate and coordinate on enterprise-wide investments**

From a state enterprise perspective, certain cross-agency business needs may best be met by collaborative IT initiatives built on joint requirements planning and IT solution development. The ISB and OFM are asking agencies to demonstrate collaboration in meeting their common business needs through joint initiatives that reflect a 'build it once - used by many' approach.



To further this goal, agencies are encouraged to include in their decision packages elements, or components, of a coordinated enterprise (across agencies and governments) budget request. Agencies should also note planned investments in financial and administrative systems that could be used by other agencies.

**OFM is particularly interested in two types of enterprise-wide investments**

Two specific types of enterprise-wide investment proposals are of particular interest to OFM and DIS: joint solutions to Core System replacement and/or collaborative data management projects that span multiple agencies. Examples of the collaborative data management decision packages include such activities as a multi-agency approach to acquisition and distribution of critical geographic information and developing processes and support systems for common data architectures as they apply to key governmental functions.

**DIS will assist OFM in evaluating certain IT budget requests**

Agencies must send the completed decision package for all IT investments to both OFM and DIS. The IT portfolio process requires that each proposed investment be rated for the severity and risk exposure that it creates. The severity and risk ratings range from 1, the least severe and/or risky, to 3, the most severe and/or risky. (Refer to the ISB portfolio management policies for more guidance <http://www.wa.gov/dis/portfolio>.)

Each proposed investment rated level 2 or 3 will be formally evaluated by DIS. Each proposed investment rated level 1 will be informally evaluated by DIS. IT investments will be evaluated using the portfolio management principles in conjunction with the OFM budget process.

**What additional information is needed for an IT investment decision package?**

Agencies must include the severity and risk ratings worksheets with their IT investment decision packages. The decision package must include an Investment Analysis section for each proposed new IT investment. While agencies may supply additional documentation in support of the proposal, the Investment Analysis section must include the following components:

***Description***

- Describe the proposed IT investment.

***IT portfolio and business objectives***

- Describe how this investment supports the agency's business objectives - including the business, policy, and technical case for the investment. Consider the business objectives, mission criticality, and resulting efficiency gains in the context of the agency's IT portfolio, agency scorecard, and the Governor's priorities. Also consider the relationship to the statewide technical infrastructure and architectural standards. If the investment was rated level 3, has the agency obtained ISB approval? If not, what are the agency's plans to seek ISB approval?

- Digital government**
- Describe how the investment furthers the objectives of the Digital Government Plan and supports the strategic use of the Internet in the delivery of government services. How would the investment change the public's, business partners', and employees' experience in dealing with the agency? How does the investment improve open electronic access to agency information? How does the investment address the Digital Divide?

If the proposal is related to an e-commerce project—an application accepting or disbursing funds or benefits electronically—the agency may be required to prepare an Economic Feasibility Study (EFS). If required, a copy of the approved EFS must be included. For more information on Economic Feasibility Study requirements, please refer to the State Administrative and Accounting Manual at <http://www.ofm.wa.gov/policy/40.htm>.

- Cost-benefit analysis**
- Describe the cost and benefits for the proposed investment. (Note: include all investment costs including internal resources, which means that the dollar figures may differ from those in the funding request.) Agencies should also explain how the cost-benefit analysis supports the investment decision. Describe the assumptions used and how costs were estimated. Describe the breadth of benefits that accrue in terms of the number of citizens or state and local agencies or programs affected. Document expected benefits in terms of increased revenue, cost savings, cost avoidance, and/or increased efficiencies from the investment.

- Technological feasibility**
- Describe the relationship of the investment to the agency's IT infrastructure. Does it move the agency toward mainstream and state architecture? Describe the agency's track record of success with the proposed technology. How was the proposed technology selected and what alternatives were considered? Does the agency have the IT capacity and resources to support the result of this investment? If not, does the investment provide the required IT capacity?

- Project management**
- Describe the approach to manage the investment project, including critical success factors, the securing of executive sponsorship, the use of external contractors, the application of continuous risk management techniques, and the development of both a communications plan and a high level organization plan with assigned roles and responsibilities.

***Support for statewide data coordination objectives***

- Describe the process for coordinating with other state agencies and other levels of government when appropriate. Describe the proposed information you share in common with other agencies and how your project will help to make the data seamless and comparable and/or improve the accuracy, integrity, value, or usefulness of the information.

***Additional item for enterprise-wide application investments***

- Describe the process for collaborating with the other agencies involved, the statewide group you are working with, and the lead agency. Where will the enterprise-wide application be hosted and who will provide on-going maintenance and support? Describe the funding plan, including your agency's percentage of the total application cost, what happens if other agency's portions of the investment are not funded, and the source of funds for on-going maintenance and support. If this decision package replicates all or part of an existing or proposed enterprise-wide investment but is not a part of that effort, explain why.

**What criteria will DIS use to evaluate IT investments?**

DIS will evaluate requests to fund new IT investments using the following criteria:

- Is the investment consistent with statewide and agency portfolio and business objectives?
- How well does the investment support the objectives of digital government?
- Does the agency present a sound business and technical case for the investment?
- Is the investment technically feasible?
- Are the estimates for costs, benefits, and schedule reasonable?
- How feasible is the approach to managing the investment?
- Does the investment demonstrate a high probability of contributing to the success of the agency?
- Does the investment demonstrate a high probability of contributing to and/or benefiting from an enterprise-wide solution?
- Has the proposal been coordinated with other state agencies using similar data?



The DIS evaluation will occur within the period established by OFM for decision package review. DIS will formally document and forward its evaluation and recommendations for level 2 and 3 investments to OFM and copy the requesting agency director. DIS will notify OFM of its recommendations for level 1 investments.

**Review the OFM policy  
on IT upgrades**



In the 2001-03 operating budget bill, the legislature directed OFM to recommend information technology upgrade policies. You can find the complete OFM report on IT upgrade policy at

<http://www.ofm.wa.gov/itupgrade/itupgrade.pdf>.

The report recognizes that information technology is a critical tool for conducting state business and that investments in desktop technologies and related infrastructure should be considered an on-going cost of doing business. The report also provides recommended guidelines for equipment replacement and upgrades.





## SECTION 12



# Risk Management and Self-Insurance Premiums

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## 12.1 Risk management receives more emphasis in the budget

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**Risk Management Task Force recommendations seek to reduce tort costs to state**

An unprecedented increase in damages from tort lawsuits spurred Governor Locke and Attorney General Gregoire to co-sponsor a Risk Management Task Force in early 2001. The goal of the task force was to better protect the public, reduce loss and damages related to state services, and recommend ways to improve the state's risk management program. The complete task force recommendations can be found at <http://www.wa.gov/ago/riskmanagement/>.

Governor Locke issued Executive Order 01-05 on December 7, 2001, which implements a number of the task force recommendations. The order requires state agencies to undertake the following:

- Place a higher priority on loss prevention through agency development of risk management goals in partnership with the state's risk management office.
- Allocate resources, to the greatest extent possible, to services for which the state bears the greatest liability.
- Prioritize staff training to address risk management.
- Manage all aspects of employee performance.
- Involve employees and the community in reducing the risk that grows out of services delivery.

**The move of the Risk Management Office to OFM means closer link between risk management and budget policy**

One of the recommendations adopted by the Legislature was moving the Risk Management Office to OFM to establish statewide risk management responsibility at a policy level in state government. Agencies should see risk management policy more integrated into the financial management policies of OFM. Budget and risk management analysts will work closely together during budget development to ensure appropriate emphasis is placed on risk management in agency budgets.

## 12.2 Agency self-insurance premiums decision packages

**Self-insurance premiums will now be budgeted through decision packages**



An agency's self-insurance premium will now be budgeted as a distinct line item at either the maintenance or performance level instead of through the revolving fund adjustment process. This is in response to the Risk Management Task Force's recommendation to provide higher visibility for statewide risk management and risk financing.

This approach is designed to enhance the oversight of agency loss trends and to improve strategies to mitigate future losses. Agencies with past and potential future loss experience as the primary driver of the agency premium increase will be asked to prepare a performance level decision package. Agencies with less frequent and severe losses will be asked to complete a maintenance level decision package.

**OFM will notify agencies about which type of decision package to submit**



OFM will notify agencies later this spring indicating the incremental change in the agency's self-insurance premium for 2003-05 and whether the agency should prepare a maintenance or performance level decision package for this amount.

**Include the following information in the self-insurance premium decision package**



Please include the following information in the self-insurance premium decision package narrative. When addressing the following topics, do not include confidential information related to a specific closed or pending claim/lawsuit. Seek advice from assigned agency legal staff if questions arise.

- Provide the dollar amount of your agency's self-insurance premium for previous (1999-01), current (2001-03), and ensuing biennia (2003-05) in the decision package narrative. (In the fiscal detail area, enter only the incremental increase or decrease from 2001-03.)
- Summarize your agency's loss trends over the last five years.
- Summarize your agency's potential future loss trends and explain the strategies your agency will use to mitigate/preclude these losses from occurring in the future.
- Describe actions your agency has taken to comply with the Governor's Executive Order.
- Discuss agency risk management goals, performance measures, and progress toward meeting goals.

See Sections 5.2 and 6.1 for the correct RecSum code to use for these decision packages. Self-insurance premium performance level decision packages should receive a number one priority.

**Agency strategic plans should discuss risk management goals and efforts**



Agency strategic plans should include a discussion of risk management issues faced by the agency, risk management goals, objectives, and performance measures. We encourage agencies to review the Governor's Executive Order 01-05 at [http://www.governor.wa.gov/eo/eo\\_01-05.htm](http://www.governor.wa.gov/eo/eo_01-05.htm), the agency's loss history profiles provided by the Office of Risk Management (ORM), agency pending claims, and ORM's Web site at <http://www.ga.wa.gov/risk/risk.htm> to identify agency risk management issues.

The Office of Risk Management staff is available to assist you with interpreting loss trends and developing risk management goals. Please contact ORM Loss Prevention Manager, Jolene Bellows, at (360) 902-7312.





## SECTION 13

# Other Budget Reports

The reports in this section are additional information items required because of statutory provisions or because they provide data not addressed in the regular forms. These instructions apply only to agency budgets with the indicated funds or activities. Samples of the formats are shown here or in Appendix A-6.

## 13.1 State matching requirements for federal funding



**State matching requirements for federal funding (RCW 43.88.090(1))**

Agencies must provide a list of any state matching requirements for federal grants (both operating and capital budgets) they receive. Please submit the information in a table like the sample shown below. The data includes the federal catalog number, and the match amount required for four federal fiscal years and four state fiscal years.

AGENCY	Page	
	Code	Title
	XXX	ANY AGENCY

## 2003-05 FEDERAL FUNDING ESTIMATES SUMMARY

DATE: 7-6-02

CFDA NO.*	Agency/	Federal Fiscal Year	State Fiscal Year	State Match Amounts
<b>Agency Total</b>				
	FY 2002	6,459,857	6,502,000	175,000
	FY 2003	6,441,000	7,862,000	150,000
	FY 2004	6,925,000	8,485,000	175,000
	FY 2005	7,500,000	9,075,000	250,000
<b>Department of Commerce</b>				
<b>11.407</b>	<b>Interjurisdictional Fisheries Act</b>			
	FY 2002	5,000,000	4,500,000	50,000
	FY 2003	5,100,000	6,000,000	50,000
	FY 2004	5,500,000	6,500,000	50,000
	FY 2005	6,000,000	7,000,000	50,000
<b>Department of Interior</b>				
<b>15.605</b>	<b>Sport Fish Restoration Act</b>			
	FY 2002	945,000	1,438,000	125,000
	FY 2003	952,000	1,447,000	100,000
	FY 2004	975,000	1,550,000	125,000
	FY 2005	1,000,000	1,600,000	200,000

\*Catalog of Federal Domestic Assistance

## 13.2 Non-budgeted local fund summaries

### Non-budgeted local fund summaries (RCW 43.88.030(1)(f))

The Non-Budgeted Local Fund Summary (B-10 format) is used to summarize financial data for non-budgeted local funds that are outside the state treasury. Data can be entered in an Excel spreadsheet available from OFM. This information will be displayed in the Governor's budget document.

#### Instructions:

- a) Narrative description: List in fund code number sequence all non-budgeted local funds within the agency. Include the full title of each fund, a brief description of purpose and source of revenue and the statutory authority.
- b) Summary Financial Statement: In addition to the narrative descriptions described above, prepare a summary financial statement of fund balances on the B10 format. List each non-budgeted local fund by fund-class sequence.

The fund balances shown for June 30, 2003 and June 30, 2005 should be reported on a modified GAAP basis (refer to Section 8.2).

## 13.3 Revolving fund summaries

### Agency revolving fund amounts and fund splits

OFM will determine the amount to add to each agency's maintenance level in 2003-05 for revolving fund charges other than Personnel Services. The carry-forward level will reflect the revolving funds changes made in the supplemental budget.



We are asking agencies to verify the fund split that OFM will use when making the incremental increase for revolving funds in the Governor's budget. OFM will send this information to agencies for verification in the spring.

### Summary to include information about these revolving funds

**Administrative Hearings (Account 484)** – This account is used by the Office of Administrative Hearings for the provision of administrative hearings services to state agencies.

**Archives and Records Management (Account 006)** – This account is used for the Office of the Secretary of State's archives and records management functions.



**Auditing Services (Account 483)** – This account is used by the State Auditor’s Office for the centralized funding, accounting, and distribution of auditing costs to state agencies.

**Data Processing (Account 419-appropriated portion) DIS-Policy and Regulation Services** – Agencies with significant information technology equipment and staff pay into this fund to support the cost of policy and oversight staff support to the Information Services Board which approves acquisitions, sets policy and monitors projects for information technology statewide.

**Financing Cost Recovery (Capital Lease Program Account 739) and Thurston County Capital Facilities (Account 289)** – RCW 43.01.090, (chapter 219, Laws of 1994) created two charges related to the construction, renovation, and occupancy of certain space owned and managed by the Department of General Administration (GA) in Thurston County. One of these charges is for financing cost recovery of construction or major renovation projects of such space, and the other is a capital project surcharge to cover some of the costs of ongoing capital projects. These are in addition to all existing facilities and services, seat of government, and Department of Property Development (DPD) lease management charges. See Appendix A-5 for more information regarding these charges.



**General Administration Service (Account 422)** – This account is used by the Department of General Administration to provide a variety of services to state agencies. Self-insurance premiums will no longer be treated as a revolving fund item. See Section 12 for more information about self-insurance premiums.

**Legal Services (Account 405)** – RCW 43.10.150 creates the Legal Services Revolving Fund for centralizing the funding and cost distribution of actual legal services provided to all state agencies.

**Office of Minority and Women's Business Enterprises (Account 453)** – This agency provides a standard certification of minority and women-owned and controlled businesses.

**Notify service agencies  
about extraordinary  
service needs**

Agencies that anticipate requiring an unusual or extraordinary level of service should contact the appropriate service agency to discuss the anticipated nature and scope of the need. This approach will enable service agencies to include an appropriate estimate and cost of the service to be provided to the agency.

**Request increases in services at the performance level**

Increases in services or utilization need to be requested at the performance level for both the client and services agencies.

**Revolving fund service agencies must provide additional information**

As part of their budget submittals, service agencies must provide an agency billing list for the current biennium and for the 2003-05 total proposed budget. This list should include the estimated annual amounts to be charged each user agency, and, if a direct staff service, the FTE staff involved with each user agency. Also, each maintenance or performance level decision package must give an example of the increased charges to small, medium, and large agencies. This will help OFM evaluate the cost implications of the decision package on other agencies. The total billing amount must be reconcilable to the agency B9 revenue estimate.

OFM will provide a formatted spreadsheet to the revolving fund service agencies for their use in preparing this list.

**Revolving fund amounts are estimates**

It should be noted that the revolving fund amounts that are included in client agency budgets are estimates and the actual billings from the service agencies will be based on services rendered. It is expected that client agencies will pay their revolving fund charges as they would any bills from other vendors.

## 13.4 Six-year program & financial plans for transportation agencies

**Who is required to submit six-year program and financial plans?**

Transportation agencies must prepare their biennial budgets and strategic plans in the context of their adopted six-year comprehensive program and financial plans. RCW 44.40.070 requires all state agencies whose major programs consist of transportation activities to provide six-year plans. Agencies meeting this criteria include the following:

- Department of Transportation
- Transportation Improvement Board
- Washington State Patrol
- Department of Licensing
- Traffic Safety Commission
- County Road Administration Board
- Board of Pilotage Commissioners
- Freight Mobility Strategic Investment Board

**Where to submit the plans**

Submit six-year financial plans to the designated planning coordinator at the Department of Transportation, Financial Planning Office, Mail Stop 47400, Telephone (360) 705-7529, FAX (360) 705-6886. The coordinator will consult with the agencies, provide technical assistance when appropriate, and forward final agency financial plans to OFM.

Submit only the six-year financial plans to the coordinator. Other program plan information, project lists, and budget information should be submitted directly to OFM.

Agencies that have transportation budget appropriations out of treasury accounts they do not administer, should submit their six-year financial information through the administrators of the funds that their plans impact. Use the Fund Reference Manual on the OFM website (<http://www.ofm.wa.gov/fund/maintoc.htm>) to find the designated fund administrator for each fund.

**When are the plans due?**

The six-year plans are due on the same date that the agency budget is due. Refer to Appendix A-1 for agency budget submittal dates.

**What is a six-year program and financial plan and what information do I need to provide?**

Six-year program and financial plans detail the general objectives and needs of an agency's major transportation programs over a six-year period.

Agencies shall submit the following six-year financial information to the designated coordinator:

- Six-year operating and capital expenditures at the program level. Capital program expenditures submitted in the financial plan shall be consistent with project-specific and grant expenditure information submitted directly to OFM.
- Six-year revenue estimates by fund and source for each account administered by the agency.
- Combined six-year revenue and expenditure information as required by RCW 43.88.030. This includes information on the undesignated fund balance or deficit by fund, and any additional information related to program expenditures or revenues as the Legislature may direct by law.

- A discussion of the assumptions in the six-year plan, including explanations addressing the level of bond sales, the use of federal or private/local funds (and required state match), and assumptions underlying the biennial beginning fund balance. Future biennia spending projections that are based on assumptions other than inflationary increases should be described.

Project lists and other program plan and budget information shall be submitted directly to OFM and shall include:

- Six-year estimates of all policy items (both revenues and expenditures) that represent increases or decreases from current revenue forecasts and/or maintenance level program expenditures.
- A detailed six-year capital program at the project level or, in the case of capital programs that administer grants, a summary of projected grant expenditure levels. Department of Transportation Highway Preservation and Improvement programs shall conform to the requirements of RCW 47.05.030.
- Combined six-year program information as required under RCW 43.88.030. This includes any additional information related to workload, performance, or personnel as the Legislature may direct by law.

Agencies shall submit six-year financial and program plans for each treasury account the agency administers and include input from other agencies using the administered accounts.



While considering various new transportation revenue and expenditure plans last session, the Legislature shifted from the statutorily required six-year planning horizon to a ten-year timeframe. In order to accommodate these additional revenue and expenditure information needs, we are asking agencies to please provide ten-year financial and capital program information for those programs where an impact other than inflation should be considered.

**Separate six-year program and financial plans are required for each version of an agency's budget.**

Agencies must submit separate versions of their six-year financial and program plans for each version (i.e., current law, revenue reduction, and new law as described below) of the agency's budget. At least one version shall be based on current law revenue forecasts and program expenditure levels. This version should be constrained by current law financial resources and include any requested changes to current performance.

If new revenues are proposed above current law forecasts, the agency shall provide a discussion of the source, the forecast assumptions, and the purpose of the new revenue.

**What resources are available to help me develop my program and financial plan?**

OFM has designated a planning coordinator from the Department of Transportation to provide technical assistance and compile six-year financial planning information from transportation agencies. Telephone (360) 705-7529, FAX (360) 705-6886.

### 13.5 Puget Sound Water Quality Work Plan expenditures

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**Requirements for agencies which received Puget Sound Water Quality Work Plan funding**

The Puget Sound Water Quality Work Plan (work plan) guides water quality protection efforts of federal and state agencies, and local and tribal governments in the Puget Sound basin. Agencies are required to submit proposed Puget Sound Water Quality Work Plan expenditures in Tab D as noted in Section 1.4. This includes identification of both current funding and proposed adjustments. As part of the budget development process, agencies will need to work closely with the Puget Sound Action Team (Action Team) and OFM regarding work plan expenditures. RCW 43.88.030 and 90.71.050 require identification of expenditures necessary to implement the work plan. Specifically, the information detailed below is needed.

**Requirements for the 2003-05 budget**

All agencies that received funding to implement the 2001-03 work plan must identify, by work plan agency budget code and fund source, all actual and estimated expenditures to implement the work plan in the 2001-03 Biennium. This information will be submitted to the Action Team who will prepare a statewide summary.

These agencies are required to identify proposed 2003-05 Biennium work plan expenditures and submit them to the Action Team. These expenditures will be grouped by budget codes as they were for this biennium. Each budget code will be associated with a particular action or set of actions in the work plan. The Action Team will assemble agency-proposed work plan expenditures as part of the process of developing the 2003-05 work plan and for use in the Governor's proposed budget document.

Activities continuing from the 2001-03 work plan will need to reflect cost of living adjustments and other staff-based cost increases, as well as reasonably anticipated cost increases for other essential goods and services. New activities will require the estimation of the scope and cost of work actually required. This requires that agencies work closely with the Action Team in identifying and prioritizing proposed activities and expenditures related to the work plan.

***The Action Team will be transmitting specific budget codes, budget instructions, and electronic forms to agencies in May.*** The Action Team will request that agencies submit proposed 2003-05 work plan actions and budgets to them by **June 28, 2002**. The Action Team will prepare a draft 2003-05 work plan and budget by the end of July for public review.

## 13.6 Other budget reports and data



### Updating agency descriptions



As the result of a change to RCW 43.88.030 in the 2002 supplemental operating budget (ESSB 6387, Section 911), program level descriptions will not be included in the 2003-05 budget proposal. However, agency level descriptions will continue to be published. We will be asking agencies to update their agency descriptions starting in June, so that this task can be finished before OFM staff are working on other aspects of the Governor's budget. OFM will send out separate instructions later this spring.

### Updated second year expenditure data

In September, OFM will ask agencies to provide updated second year (Fiscal Year 2003) expenditure estimates. These estimates, along with Fiscal Year 2002 actual expenditures, will be used for fund balancing for the 2003-05 budget proposal.

### Reports on savings incentive account expenditures for each fiscal year

In early September, OFM will send instructions to agencies requesting information on the use of the Savings Incentive Account allocations in Fiscal Year 2002. Statute requires OFM to report on the use of this funding by December 1 of each year.



## Appendices

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### A-1 Agency Budget Submittal Dates

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This section lists the required budget submittal date for each state agency. Agencies should submit their entire operating budget requests on the date noted below. Please do not expect an exemption from the general submittal dates, since delays significantly affect time available for OFM analysis and review with agencies.

#### August 5

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075	Governor
080	Lieutenant Governor
082	Public Disclosure Commission
085	Secretary of State
086	Governor's Office of Indian Affairs
090	State Treasurer
095	State Auditor
099	Citizens' Commission on Salaries for Elected Officials
100	Attorney General
101	Caseload Forecast Council
102	Department of Financial Institutions
104	Economic and Revenue Forecast Council
105	Office of Financial Management
110	Office of Administrative Hearings
111	Department of Personnel
116	Washington State Lottery
117	Gambling Commission
118	Commission on Hispanic Affairs
119	Commission on African-American Affairs
120	Human Rights Commission
122	Personnel Appeals Board
126	State Investment Board
140	Department of Revenue
142	Board of Tax Appeals
144	Municipal Research Council
147	Office of Minority and Women's Business Enterprises
150	Department of General Administration
155	Department of Information Services
160	Insurance Commissioner
165	Board of Accountancy
167	Forensic Investigations Council
190	Board of Industrial Insurance Appeals
195	Liquor Control Board

**August 5 (continued)**

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205	Board of Pilotage Commissioners
215	Utilities and Transportation Commission
220	Board for Volunteer Firefighters
227	Criminal Justice Training Commission
228	Traffic Safety Commission
250	Indeterminate Sentence Review Board
275	Public Employment Relations Commission
315	Department of Services for the Blind
325	Sentencing Guidelines Commission
351	Washington State School for the Blind
353	Washington State School for the Deaf
377	Spokane Intercollegiate Research and Technology Institute
387	Arts Commission
390	Washington State Historical Society
395	Eastern Washington Historical Society
408	Marine Employees Commission
411	Freight Mobility Strategic Investment Board
460	Columbia River Gorge Commission
462	Pollution Liability Insurance Program
468	Environmental Hearings Office
476	Growth Planning Hearings Office
550	Washington State Convention and Trade Center

**Local Fund Statements**

106	Washington Economic Development Finance Authority
130	Public Printer
148	Housing Finance Commission
346	Higher Education Facility Authority
500	Apple Advertising Commission
501	Alfalfa Seed Commission
502	Beef Commission
503	Blueberry Commission
505	Bulb Commission
506	Asparagus Commission
507	Cranberry Commission
508	Canola and Rapeseed Commission
510	Dairy Products Commission
512	Dry Pea and Lentil Commission
513	Farmed Salmon Commission
514	Egg Commission
515	Fruit Commission
520	Fryer Commission
521	Hardwoods Commission
522	Hop Commission
524	Puget Sound Gillnet Salmon Commission
525	Potato Commission



## August 5, Local Fund Statements Due (continued)

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526	Strawberry Commission
527	Barley Commission
528	Mint Commission
529	Red Raspberry Commission
530	Seed Potato Commission
532	Turf Grass Seed Commission
533	Tree Fruit Research Commission
534	Wine Commission
535	Wheat Commission
599	Health Care Facilities Authority

## September 6

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001	State Revenues for Distribution
005	Federal Revenues for Distribution
010	Bond Retirement and Interest
076	Special Appropriations to the Governor
087	Commission on Asian Pacific American Affairs
103	Department of Community, Trade, and Economic Development
107	Health Care Authority
124	Department of Retirement Systems
185	Horse Racing Commission
225	Washington State Patrol
235	Department of Labor and Industries
240	Department of Licensing
245	Military Department
300	Department of Social and Health Services
302	Home Care Quality Authority
303	Department of Health
305	Department of Veterans Affairs
310	Department of Corrections
343	Higher Education Coordinating Board
345	State Board of Education
350	Superintendent of Public Instruction
354	Work Force Training and Education Coordinating Board
360	University of Washington
365	Washington State University
370	Eastern Washington University
375	Central Washington University
376	The Evergreen State College
380	Western Washington University
405	Department of Transportation
406	County Road Administration Board
407	Transportation Improvement Board
410	Transportation Commission

## September 6 (continued)

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461	Department of Ecology
465	State Parks and Recreation Commission
467	Interagency Committee for Outdoor Recreation
471	State Conservation Commission
477	Department of Fish and Wildlife
490	Department of Natural Resources
495	Department of Agriculture
540	Employment Security Department
699	Community College System
701	Treasurer's Transfers
705	Treasurer's Deposit Income
740	Contributions to Retirement Systems

## October 1

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011	House of Representatives
012	Senate
014	Joint Legislative Audit and Review Committee
015	Legislative Transportation Committee
020	Legislative Evaluation and Accountability Program Committee
035	Office of the State Actuary
038	Joint Legislative Systems Committee
040	Statute Law Committee
045	Supreme Court
046	State Law Library
048	Court of Appeals
050	Commission on Judicial Conduct
055	Administrator for the Courts
056	Office of Public Defense

## A-2 Decision Package Example

BDS will generate this report.

### State of Washington Decision Package

**Agency:** 240 Department of Licensing  
**Decision Package Code/Title:** HE Six-Year Driver License  
**Budget Period:** 2003-05  
**Budget Level:** Performance Level

*Please note: This sample Decision Package is based upon an actual decision package used by DOL but has been amended for purposes of providing this example.*

### Agency Recommendation Summary Text:

The four-year driver's license (and associated endorsements) renewal cycle is converted to a six-year cycle (including motorcycle and commercial driver license endorsements). Wait times will be reduced for Washington residents getting driver license renewals. The conversion will be phased-in over a six-year period.

Operating Expenditures		<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>	
106-1	Highway Safety Account	\$ 77,000	\$238,000	\$ 315,000	
Total Cost		\$ 77,000	\$238,000	\$ 315,000	
Staffing		<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>	
	FTEs	0.0	4.5	2.3	
Revenue Detail					
	<u>Fund</u>	<u>Source</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
106-1	Highway Safety Account	0254	\$ 0	\$ 5,492,000	\$ 5,492,000
082-1	Motorcycle Safety Account	0254	0	249,000	249,000
Total Revenue			\$ 0	\$ 5,741,000	\$ 5,741,000

### Package Description:

The department proposes to extend the time between driver license renewals and associated endorsements from four years to six years. This change will decrease renewal wait times and improve customer service. Furthermore, reducing the volume of transactions processed at each License Service Office (LSO) has the benefit of freeing up more time for staff to improve other services. This initiative is also an element of the Department of Licensing's performance-based budget request required under Section 503 of ESSB 6456. This decision package only affects the driver license services activity.

Although the average wait time across the state is approximately 11 minutes and the actual time for delivering the service is about 9 minutes, an estimated 120,000 customers experienced wait times in excess of 30 minutes over the last two years. The average statistic masks a significant customer service problem of excessive wait times. During peak business hours, many customers experience wait times of an hour or more.

Longer wait times contribute to customer dissatisfaction with the department and state government as shown by our customer comment cards. A review of almost 2,000 comment cards over the last year reveals that 60 percent of those persons who waited more than 20 minutes for a renewal said the service “needs improvement.” And of those who waited more than 40 minutes, 82 percent said the service needs improvement. On the other hand, of those customers who waited less than 20 minutes, 91.5 percent reported that the service was either “Excellent” or “Above Average.” In short, wait times are a critical factor in determining the public’s perception of service quality as provided by the Licensing Service Representatives (LSRs).

Long waits are a source of frustration for LSRs as well. Their ability to provide high quality service to customers suffers from the high volume of workload. This is particularly true as they must serve customers who, due to excessively long waits, are dissatisfied with the agency’s service even before they are called up to the counter.

Customers not receiving service within their own available time frames often leave the LSO only to have to return on another occasion. Customer comment cards identifying this problem and the dropout rate recorded from “take-a-number” (Q-Matic) stations confirm that this is true. When the number of customers and wait time increases, the number of abandoned line positions increases.

Greater language diversity, population growth, and the simultaneous graying of the baby boomers and the effect of the baby boom “echo” mean that more customers are requesting service. In addition, many of these services, such as disabled parking placards, require greater involvement and time of the LSR. Yet staff growth has not kept pace with these service demand increases.

### Success in Other States

Currently, 32 other states and half the Canadian provinces have enacted legislation providing for license renewal cycles in excess of four years (see table below). Some states have renewal and extension periods as great as 16, 15, and 8 years. Nationwide statistics on motor vehicle traffic fatalities and injuries have not shown a negative traffic safety impact from the extended license renewal cycles. The fatality and injury accident rates in jurisdictions with renewal cycles in excess of four years are consistently within the same range as states with renewal cycles less than or equal to four years.

#### States with Renewal or Extension Periods Greater than Four Years

Alaska	Louisiana	Rhode Island
Arizona	Maine	South Carolina
California	Maryland	South Dakota
Colorado	Massachusetts	Tennessee
Connecticut	Michigan	Texas
Delaware	Montana	Utah
District of Columbia	New York	Virginia
Florida	North Carolina	West Virginia
Hawaii	Nevada	Wisconsin
Idaho	North Dakota	Wyoming
Kansas	Oregon	

#### Canadian Provinces with Renewal or Extension Periods Greater than Four Years

Alberta	Newfoundland	Ontario
British Columbia	Nova Scotia	

### **Why a Six-Year Implementation Period Is Necessary**

In order to smooth the workload and revenue collection over the next four biennia, the current renewal licenses must be distributed as evenly as practicable. If this “smoothing” did not happen and every driver that came in for a license renewal during the next four years were given a six-year renewal, by the fifth and sixth years, the only applicants coming into the office would be those getting an original license. This would equate to an 88 percent drop in workload activity. Staff will have little work for two years (and excellent wait time performance measures); but in years eight, nine, ten, and eleven, the workload would dramatically increase again to process the renewals, and wait times would be intolerable.

In essence, the renewal workload cycle will be heavy for four years, creating tremendous wait times, then almost nonexistent for two years, then heavy again for four years, etc. Staff levels would be difficult to maintain in an irregular cycle of this type. In addition, the revenue flow would follow the same irregular pattern.

### **Proposed Implementation Plan**

The implementation plan follows the principles that no individual will go longer than six years without visiting an LSO and no one has to go to an LSO more than once every four years during the transition. By using a pattern of four-year renewals (the current renewal period), two-year renewal extensions, and six-year renewals, the two-year gap in renewal license activity is filled without requiring the customer to visit a LSO more than they currently do under the four-year system.

An additional four temporary employees will be required to process and issue mail-in extensions of current driver licenses. These FTEs are needed to assure that the customers understand and complete the necessary steps to achieve a balanced workload.

Between July 1, 2002 and June 30, 2004, approximately two-thirds of the customers renewing their driver licenses and associated endorsements will move to a six-year cycle. One-third of the renewing customers will be given a two-year extension of their existing four-year license. They will then be on a six-year cycle. All original licenses will be issued for six years and those licensees will continue on a six-year cycle.

Between July 1, 2004 and June 30, 2006, approximately one-third of the renewing customers will renew for four years, as they do today, and will move to a six-year cycle on their next renewal. The other two-thirds of the customers renewing their driver licenses and associated endorsements will move to a six-year cycle. All original (first time Washington licenses) licenses will be issued for six years and those licensees will continue on a six-year cycle.

Starting on July 1, 2006, implementation of the six-year renewal cycle is complete. All original licenses and renewal licenses will be issued for a six-year period.

### **Performance Effects**

As a result of moving to a six-year license, wait times for renewal licenses will drop by almost a third. This effect will be seen in the third year of implementation. The initial two years will not see a drop in renewal traffic at the office. However, by the third year an estimated 325,000 fewer people will not be required to come to an LSO. The effect on wait time is direct in that where there once were six people in line for renewals, there will now be only four – a one-third decrease in renewal wait time is anticipated. This will also have a significant effect on the maximum wait times.

As part of the performance-based budget package, this proposal represents one of the key elements of the three-pronged approach for achieving performance improvement related to wait and service times for license renewals. The three elements address improved peak-load capacity (Increase Staffing in LSO Offices, Decision Package HG), reduced workloads (Six-Year Licensing, Decision Package HE), and faster delivery of service (Improved Driver License, Decision Package HD). Among these three approaches, this proposal has the least immediate effect on wait times, though the revenue impact does begin to occur in the 2003-05 Biennium. From among the three approaches, by the 2005-07 Biennium, it will have the broadest impact on all offices' wait times.

This proposal is also the best example of the benefits of strategic planning over a six-year period. Using a long-range perspective made possible by strategic planning, initiatives that add value beyond the 2003-05 Biennium can be evaluated with a focus on achieving a coherent agency vision. This process moves the agency away from the short-term, incremental budget choices that characterize traditional budgeting and focuses our efforts on achieving our performance goals.

### **Increased Revenue Without a Fee Increase**

Currently, a fee of \$14 is charged to renew a license for a four-year period. This is equivalent to \$3.50 for each year of the license. That annual rate will not change. People renewing their license will be charged a fee equivalent to the number of years the license is in effect. For example during the phased implementation: Those renewing for a six-year license will pay \$21 (\$3.50 x six years). Those renewing for 4 years will still pay \$14 (\$3.50 x four years). Those receiving a two-year extension pay \$7 (\$3.50 x two years). Motorcycle and commercial driver license endorsements (CDL) fees would be prorated in the same fashion. A renewal reminder postcard will be mailed to each licensee and will state the new renewal period and the appropriate fee.

As other states have done, the DOL implementation approach will have two-year extensions. DOL will send a renewal mailer to the customer instructing them to return the envelope with their \$7 renewal fee to DOL. DOL will mail back a special sticker, with instructions to adhere it to the back of the customer's license. To prevent fraud, the sticker will be produced with the customer's license number, name, current address, and the expiration date of their license. The sticker has a special adhesive that will cause the sticker to destruct if it is removed from the license. The date of expiration will be extended on the licensee's record in the Driver Division's computer database. This entry will allow law enforcement officers to verify license expiration dates whether a sticker is present or not.

The mail-in and extension process described above is not new to the department. DOL has extensive experience with handling mail-in renewals of licenses (both in Vehicles and Business and Professions) and in the use of special stickers. In many respects, the current vehicle licensing tabs are analogous to the licensing extension proposal.

## **Narrative Justification and Impact Statement**

### ***How contributes to strategic plan:***

To meet the agency goal to optimize the cost, accuracy, access, and speed of services to its customers, the agency proposes to extend the time between license renewals.

### **Performance Measure Detail**

**Goal: 1.0 Optimize the cost, accuracy, access, and speed of services to customers.**

	<b>Incremental Changes</b>	
	<b>FY 2004</b>	<b>FY 2005</b>
<b>Outcome Measures</b>		
1.1 Total renewal service completion time (in minutes).	<b>0.0</b>	<b>(4.1)</b>
1.2 Average renewal wait time (in minutes).	<b>0.0</b>	<b>(4.1)</b>
1.3 Average maximum renewal wait time (in minutes).	<b>0.0</b>	<b>(12.8)</b>
<b>Output Measures</b>		
1.4 Number of renewal customers in LSOs.	<b>N/A</b>	<b>(324,513)</b>
Efficiency Measures	<b>N/A</b>	<b>N/A</b>

### ***Reason for change:***

This will reduce customer wait time in the LSOs and allow for management of workload growth.

### ***Impact on clients and services:***

With fewer customers renewing beginning in Fiscal Year 2005, customers will experience shorter wait times. This also provides an opportunity for LSO staff to pay more attention to traffic safety and document security issues in a less stressful environment.

### ***Impact on other state programs:***

Extensive research and coordination has occurred between the Washington Traffic Safety Commission, the Washington State Patrol, and local law enforcement in the development on this decision package. All parties have concurred with the proposal from the aspect of public safety. The Traffic Safety Commission will be using this as a research opportunity to evaluate the effect of longer licensing periods on traffic safety among high-risk drivers.

### ***Relationship to capital budget:***

None

### ***Required changes to existing RCW, WAC, contract, or plan:***

This proposal will require changes to statutes (RCW 46.20.181 and RCW 46.20.505) and rule (WAC 308-100-050), which define the license expiration period and the renewal and endorsement fees, and establish when renewals will occur.

The statute, effective July 1, 2004, will need to be modified to authorize:

- A six-year license.
- The department to adopt policies consistent with the goal of effectively distributing its renewal workload over a six-year term. Such language would allow us to issue variable length licenses and license expiration extensions through June 30, 2006.
- The department to prorate license renewal and endorsement fees on a per-year basis.

***Alternatives explored by agency:***

DOL researched the option of increasing the number of FTE staff to provide an adequate number of staff to meet the goal of prompt, accurate service. However, an estimated 77 FTE staff would be needed to achieve a reduction in customer service renewal wait time equivalent to the results of this proposal and would require the costs of opening additional offices.

The 77 additional FTE staff would cost \$4.6 million each year (including agency support costs) and a capital budget package would be required to add five additional facilities in our busiest locations. The cost per facility is approximately \$2.5 million, depending upon location, for a total of \$12.5 million.

While additional FTEs form a part of the department's solution to address the service demand for LSO services and reducing customer wait times, the costs of an FTE-only solution (including the related facilities, supplies, and equipment) is not the most cost-effective approach.

Other options, which are not mutually exclusive, include: reduce the time it takes to actually provide the service through the use of improved technology; or reduce the service demands for other driver services and redirect the resources to renewal licensing.

***Budget impacts in future biennia:***

- FY 2006, a total of \$69,000 will be required for startup of the license extension process. Costs include printing, postage, goods and services, and travel costs required for implementation and training less estimated savings for renewal postcards that will not be printed.
- FY 2007, a total of \$214,000 will be required for the license extension process. This includes costs for printing, postage, goods and services less estimated savings for renewal postcards that will not be printed.
- FY 2008, a total of \$188,000 will be required for the license extension process. This includes costs for printing, postage, goods and services, less estimated savings for renewal postcards that will not be printed.
- FY 2009, an estimated savings of \$64,000 for renewal postcards that will not be printed.
- FY 2010 and beyond, no future budget impacts are anticipated.
- In subsequent biennia, the two FTEs provided in the 2003-05 Biennium will no longer be required, and a reduction of \$167,000 per year is proposed in the 2005-07 Biennium carry-forward level.



***Distinction between one-time and ongoing costs:***

The staffing costs in this decision package are one-time for 2003-05 Biennium.

***Effects of non-funding:***

The effects of non-funding will be steadily increasing wait times for customers because of population growth, as well as impairment of the department's ability to promote traffic safety. The revenue acceleration that will not occur may result in the need for a fee increase within the current six-year planning horizon. The effect of non-funding on performance means that the reduction of wait times will not occur because drivers will be coming into licensing offices more frequently to review their licenses.

***Expenditure Calculations and Assumptions:*****Revenues**

A significant acceleration of revenues occurs during the first four years of implementation. This is because persons receiving an original license or renewing their licenses will be paying \$7 sooner than under a four-year licensing period. As a result, revenues increase by about \$5.7 million in FY 2005.

**Expenditures**

DOL will need increased expenditure authority starting in FY 2004 to implement the first phase of the plan. This increase is primarily for additional temporary FTE staff (one-half time IT Systems Specialist 4, and four License Service Representatives 1) and one-time programming costs for system changes necessary to accommodate the six-year renewal cycle. Costs to Drivers Services for printing, mailing, and processing license extensions will not begin until the 2005-07 Biennium. These costs are estimated to be less than \$300,000.

<u>Object Detail</u>		<u>FY 2004</u>	<u>FY 2005</u>	<u>Total</u>
A.	Salaries	0	\$128,000	\$128,000
B.	Benefits	0	\$39,000	\$39,000
E.	Goods And Services	\$ 77,000	\$71,000	\$ 148,000
<b><i>Total Objects</i></b>		<b>\$ 77,000</b>	<b>\$238,000</b>	<b>\$ 315,000</b>

## A-3 Activity Inventory Example

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Here is an example of a good activity description. It describes what work is done, who it is done for, and why. It also expresses its outcomes in quantitative terms.

### **Business Development**

The Business Development group works with local partners to attract domestic and international investment in Washington in the following components of our economy: manufacturing, research and development, computer related firms, food processing, and warehouse/distribution. The group also serves as an advocate for business in the resolution of critical issues related to the state tax structure, infrastructure financing, and work force training. The business development capacity of our primary local partners, including economic development councils and ports, is enhanced through training and joint marketing initiatives.

The Business Development staff work in cooperation with local partners by preparing detailed financial, infrastructure, and workforce training proposals in response to company location needs. Between 1999 and 2001, thirty companies announced plans to invest \$703.4 million for expanded facilities in Washington State. These projects are estimated to create up to 6,988 jobs. Examples include Boise Cascade in Grays Harbor County and Toyo Communications in Cowlitz County.

## A-4 Revenue Source Codes

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### Category and Major Source Definitions

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The budget process in the state of Washington segregates appropriations into three main categories: state, federal, and private/local. Since appropriations are directly linked to supporting funding sources, revenue codes are designated similarly.

<u>Category</u>	<u>Revenue Source Codes</u>
State	01XX, 02XX, 04XX, 06XX, 08XX
Federal	03XX
Private/Local	05XX

The following generally describe the nature of revenue included in each category.

<b>State</b>	Revenues levied/charged by the state in support of state-sponsored programs, including taxes, licenses, permits, fees, fines, and forfeitures as well as any revenues collected by the state that do not meet the definitions of federal or private/local revenues outlined below. State revenues also include resources generated from transactions where participants in state-sponsored activities receive value for resources provided; for example, tuition at a state-sponsored school, charges to residents in state institutions, sales of state property, and premiums for state-sponsored insurance programs.
<b>Federal</b>	Revenues that the state receives from the federal government under grant and similar agreements where the state is required to expend the assistance in accordance with federal program specifications. It also includes revenues associated with expenditures that are fully reimbursed by the federal government. (Note: Charges to federal appropriations are required to be supported by federal revenues.)
<b>Private/Local</b>	Revenues provided to the state by nonfederal sources such as private individuals, local governments, commercial enterprises, and foundations that are restricted by contract or agreement. It also includes revenues associated with expenditures that are fully reimbursed by the private/local sources. (Note: Charges to private/local appropriations are required to be supported by private/local revenues.)

***Effective July 1, 2003, the following will be the major revenue source code descriptions as found in the OFM State Administrative and Accounting Manual, Chapter 75.80.***

<b>Code</b>	<b>Title and Description</b>
<b>0100</b>	<p><b>Taxes</b></p> <p>Amounts levied on individuals, organizations, and businesses by the state Legislature for the purpose of funding state services. Some taxes are based on or derived from an underlying exchange transaction between a merchant and a customer upon which the state imposes a tax, such as sales and fuel taxes. Other taxes imposed on non-governmental entities are nonexchange in nature. Property taxes, imposed on the value of property owned, are an example of a nonexchange tax revenue.</p>
<b>0200</b>	<p><b>Licenses, Permits, and Fees</b></p> <p>Amounts paid by individuals, organizations, and businesses to engage in certain specified activities such as operating a business, driving a car, or hunting and fishing.</p>
<b>0300</b>	<p><b>Federal Revenues</b></p> <p>Revenue that the state receives from the federal government under grant and similar agreements where the state is required to expend the revenue in accordance with federal program specifications. It also includes revenues associated with expenditures that are fully reimbursed by the federal government.</p>
<b>0400</b>	<p><b>State Charges and Miscellaneous Revenue</b></p> <p>Revenue that the state receives from individuals, organizations, businesses, and other governments for goods and services in conjunction with state-sponsored programs.</p>
<b>0500</b>	<p><b>Local Charges and Miscellaneous Revenue</b></p> <p>Resources provided to the state by nonfederal sources such as private individuals, local governments, commercial enterprises, and foundations that are restricted by contract or agreement. It also includes revenues associated with expenditures that are fully reimbursed by private/local sources.</p>
<b>0600</b>	<p><b>Transfers</b></p> <p>Amounts transferred by state agencies to other accounts and/or agencies including treasurer's transfers of resources collected by one state agency/account to the agency/account that expends the resources.</p>
<b>0800</b>	<p><b>Other Revenues and Financing Sources</b></p> <p>Other revenues and financing sources not recorded elsewhere including those associated with debt financing activities, resources supporting trust activities, and certain noncash activities, such as receipt of donated commodities.</p>

Code	Title and Description
<b>0900</b>	<b>Non-Revenue Activities</b>
	Amounts related to various suspense codes that must be adjusted to zero at year end.

### New Revenue Chart of Accounts for 2003-05 Biennium

Major Group Title	Source Title	Proposed Code		Existing Code	
<b>Taxes</b>	Retail Sales Tax	01	01	01	01
	Tax Credits – Sales Tax	01	02	01	02
	Business and Occupation Tax	01	05	01	05
	Tax Credits – Business and Occupation	01	06	01	06
	Brokered Natural Gas	01	08	01	08
	Tax Credits - Brokered Natural Gas	01	09	01	09
	Compensating Tax	01	10	01	10
	Tax Credits - Compensating Tax	01	11	01	11
	Hazardous Substance Tax	01	12	01	12
	Tax Credits - Hazardous Substance	01	13	01	13
	Motor Vehicle Fuel Tax	01	15	01	15
	Use Fuel Tax (Other than Motor Vehicle Fuel)	01	16	01	16
	State Enhanced 911 Tax	01	17	01	17
	Liter Tax-Liquor	01	18	01	18
	Liquor Sales Tax-Surcharge	01	19	01	19
	Liquor Sales Tax	01	20	01	20
	Beer Tax	01	21	01	21
	Wine Tax	01	22	01	22
	Distribution of Liter Tax - Wine	01	23	01	23
	Cigarette Tax	01	25	01	25
	Other Tobacco Products Tax	01	26	01	26
	Solid Waste Collection Tax	01	28	01	28
	Insurance Premium Tax	01	30	01	30
	Carbonated Beverage Tax	01	31	01	31
	Tax Credits - Carbonated Beverage	01	32	01	32
	Tax Credits - Public Utilities	01	34	01	34
	Public Utilities Tax	01	35	01	35
	Public Utilities District Tax	01	36	01	36
	Syrup (Soda) Tax	01	37	01	37
	Tax Credits - Syrup (Soda)	01	38	01	38
	Parimutuals Tax	01	40	01	40
	Petroleum Products Tax	01	41	01	41
	Tax Credits - Petroleum Products	01	42	01	42
	Medicaid Tax	01	43	01	43
	Amusements Tax	01	45	01	45
	Watercraft Excise Tax	01	49	01	49

Major Group Title	Source Title	Proposed Code		Existing Code	
Taxes, continued	Property Tax	01	50	01	50
	Excise Taxes - Other	01	51	01	51
	Inheritance/Estate Taxes	01	55	01	55
	Gift Tax	01	56	01	56
	Real Estate Excise Tax	01	57	01	57
	Motor Vehicle Excise Tax	01	58	01	58
	Leasehold Excise Tax	01	59	01	59
	Commercial Fishing-Privilege Tax	01	60	01	60
	Exhibition Center Admission Tax	01	61	01	61
	Stadium Admission Tax	01	62	01	62
	Stadium and Exhibition Center Parking Tax	01	63	01	63
	Other Taxes	01	70	01	70
	Penalties and Interest	01	75	01	75
	Timber Tax	01	80	01	80
	Fire Insurance Premium Distribution	01	90	01	90
	PUD Excise Tax Distribution	01	91	01	91
	Prosecuting Attorney Distribution	01	92	01	92
	MVET Distribution	01	93	01	93
	Travel Trailer Distribution	01	94	01	94
	Motor Vehicle Fuel Tax Distribution	01	95	01	95
	Liquor Tax Distribution	01	96	01	96
	Timber Tax Distribution	01	97	01	97
	Other Tax Distribution	01	98	01	98
	Tax Revenue Suspense (DOR Only)	01	99	01	99
Licenses, Permits, and Fees	Accountants	02	01	02	01
	Auctioneers	02	02	02	02
	Agriculture/Aquaculture License/Fees	02	03	02	03
	Aircraft	02	04	02	04
	Alcoholic Beverages	02	05	02	05
	Alias Business Certification Fees	02	06	02	06
	Other Health Professions Licenses	02	07	02	07
	Architect Licenses	02	08	02	08
	Beautician Licenses	02	09	02	09
	Athletic Licenses	02	10	02	10
	Gambling Licenses and Fees	02	11	02	11
	Banking Licenses and Fees	02	12	02	12
	Barber Licenses	02	13	02	13
	Property Tax Exemption Application	02	14	02	14
	Hearing Aid Consultants	02	16	02	16
	Cemetery Fees	02	17	02	17
	Land Sales Disclosure Act	02	18	02	18
	Certified Psychologist Licenses	02	19	02	19
	Charitable Funds Solicitation	02	20	02	20
	Cigarette Fees and Licenses	02	21	02	21
	Commercial Driver Schools	02	22	02	22

Major Group Title	Source Title	Proposed Code		Existing Code	
Licenses, Permits, and Fees, continued	Contractors Registration	02	23	02	23
	Collection Agencies	02	24	02	24
	Burning Permit Fees	02	25	02	25
	Corporation Licenses and Fees	02	26	02	26
	Debt Adjuster Licenses	02	28	02	28
	Electrical Licenses	02	29	02	29
	Escrow Transaction Licenses	02	30	02	30
	Employment Agency Licenses	02	31	02	31
	Engineering and Surveying Licenses	02	32	02	32
	Farm Labor Licenses	02	33	02	33
	Education Institutions Registration	02	34	02	34
	Superior Courts Fines and Forfeitures	02	35	02	35
	Firearms License Fees and Permits	02	36	02	36
	Commercial Fishing Licenses	02	37	02	37
	Franchise Licenses	02	38	02	38
	Funeral Licenses	02	40	02	40
	Superior Court Filing Fees	02	41	02	41
	Health Fees and Licenses	02	42	02	42
	Litter Control Fees	02	43	02	43
	Horse Racing Licenses and Fees	02	44	02	44
	Hunting and Fishing Licenses	02	45	02	45
	Insurance Licenses and Fees	02	46	02	46
	Librarian Certificates	02	47	02	47
	Liquid Fuel Licenses	02	48	02	48
	Landscape Architects	02	49	02	49
	Fireworks Licenses	02	50	02	50
	Dental Licenses	02	51	02	51
	Medical Licenses	02	52	02	52
	Motor Vehicle Licenses	02	53	02	53
	Motor Vehicle Operator Licenses	02	54	02	54
	Automobile Sales Licenses	02	55	02	55
	Notary Fees and Comm of Deeds	02	56	02	56
	Licensed Practical Nurse Licenses	02	57	02	57
	Registered Nurse Licenses	02	58	02	58
	Oil and Gas Well Drilling Permits	02	59	02	59
	Optician Licenses	02	60	02	60
	Optometrist Licenses	02	61	02	61
	Pharmacy Licenses	02	62	02	62
	Puget Sound Pilot Licenses	02	63	02	63
	Nursing Home Admin Licenses	02	64	02	64
	Power Licenses	02	66	02	66
	Proprietary Schools Licenses	02	67	02	67
	Public Utilities Regulatory Fees	02	68	02	68
	Business Opportunity License	02	69	02	69
	Real Estate Licenses	02	70	02	70
	Sewage Treatment Plant Operator License	02	71	02	71

Major Group Title	Source Title	Proposed Code		Existing Code	
Licenses, Permits, and Fees, continued	Safety Inspection Licenses and Fees	02	72	02	72
	Sanitarian Licenses	02	73	02	73
	Savings and Loan Licenses and Fees	02	74	02	74
	Oculist Licenses	02	75	02	75
	Forest Practices Permit Fees	02	76	02	76
	Security Licenses, Permits and Fees	02	77	02	77
	Occupational Therapist Licenses	02	78	02	78
	Vessel Registration Fees	02	79	02	79
	Tax Exemption Permits	02	80	02	80
	Sellers of Travel	02	81	02	81
	Dist of Liquor License Fees-Class H	02	82	02	82
	Veterinarian Licenses	02	83	02	83
	Dist of Liquor License Fees A-F	02	84	02	84
	Water Resources Fees	02	85	02	85
	Water Quality Fees	02	86	02	86
	Well Construction and Licensing	02	87	02	87
	Ecology Environmental Fees	02	88	02	88
	Log Patrol Licenses	02	90	02	90
	Marriage Licenses	02	91	02	91
	Master License Delinquency Fees	02	92	02	92
	Excise Tax Registration Cert	02	93	02	93
	Hazardous Waste Fees	02	94	02	94
	Certified Acupuncturist Licenses	02	95	02	95
	Replacement Tire Assessments	02	96	02	96
	Boating Safety Distributions	02	97	02	97
	Other Licenses, Permits and Fees	02	99	02	99
Federal Revenues	African Development Foundation	03	01		
	Agency for International Development	03	02		
	Institute of Museum Services	03	03		
	Inter-American Foundation	03	04		
	National Endowment for the Arts	03	05		
	National Endowment for the Humanities	03	06		
	Office of National Drug Control Policies	03	07		
	Peace Corps	03	08		
	Legal Services Corporation	03	09		
	Department of Agriculture	03	10	03	10
	Department of Commerce	03	11	03	11
	Department of Defense	03	12	03	12
	Central Intelligence Agency	03	13		
	Dept of Housing and Urban Development	03	14	03	14
	Department of the Interior	03	15	03	15
	Department of Justice	03	16	03	16
	Department of Labor	03	17	03	17
	Federal Reserve System	03	18		



Major Group Title	Source Title	Proposed Code		Existing Code	
Federal Revenues, continued	Department of State	03	19	03	19
	Department of Transportation	03	20	03	20
	Department of the Treasury	03	21	03	21
	Postal Service	03	22		
	Appalachian Regional Commission	03	23	03	23
	Office of Personnel Management	03	27	03	27
	Commission on Civil Rights	03	29	03	29
	Equal Employment Opportunity Commission	03	30	03	30
	Federal Communications Commission	03	32	03	32
	Federal Maritime Commission	03	33	03	33
	Federal Mediation and Conciliation Services	03	34	03	34
	Federal Trade Commission	03	36	03	36
	General Services Administration	03	39	03	39
	Government Printing Office	03	40	03	40
	Interstate Commerce Commission	03	41	03	41
	Library of Congress	03	42	03	42
	National Aeronautics and Space Administration	03	43	03	43
	National Credit Union Administration	03	44	03	44
	Nat Foundation on Arts and Humanities	03	45	03	45
	National Labor Relations Board	03	46	03	46
	National Science Foundation	03	47	03	47
	Pres Comm on Employment of Handicapped	03	53	03	53
	Railroad Retirement Board	03	57	03	57
	Securities and Exchange Commission	03	58	03	58
	Small Business Administration	03	59	03	59
	International Trade Commission	03	61	03	61
	Tennessee Valley Authority	03	62	03	62
	Veterans Administration	03	64	03	64
	Environment Protection Agency	03	66	03	66
	National Gallery of Art	03	68	03	68
	Overseas Private Investment Corp	03	70	03	70
	Nuclear Regulatory Commission	03	77	03	77
	Commodity Futures Trading Comm	03	78	03	78
	Department of Energy	03	81	03	81
	U.S. Information Agency	03	82	03	82
	Federal Emergency Management Agency	03	83	03	83
	Department of Education	03	84	03	84
	Scholarship/Fellowship Foundations	03	85	03	85
	Pension Benefit Guaranty Corp	03	86	03	86
	Consumer Product Safety Commission	03	87		
	Architect/Trans Barriers Compliance	03	88	03	88
	National Archives/Records Admin	03	89	03	89
	U.S. Institute of Peace	03	91	03	91
	National Council on Disability	03	92	03	92
	Department of Health and Human Services	03	93	03	93
	Corp for National and Community Service	03	94	03	94

Major Group Title	Source Title	Proposed Code		Existing Code	
Federal Revenues, continued	Executive Office of the President	03	95	03	95
	Social Security Administration	03	96	03	96
	Reimbursable Federal Contracts (Non-Assist)	03	97	03	05, 07
	Federal Revenue Distributions	03	98	03	03
	Miscellaneous Federal Revenue	03	99	03	99
State Charges and Miscellaneous Revenue	Treasury Investment Income	04	01	04	01
	Income From Property	04	02	04	02
	Juvenile Court Fees	04	03	04	03
	Cost of Supervision Assessment Fee	04	04	04	04
	Fines and Forfeits	04	05	04	05
	Litter Control Revenue	04	06	04	06
	Patient Care	04	07	04	07
	Treasury Deposit Income	04	08	04	08
	Interest Income	04	09	04	09
	Unclaimed Monies	04	10	04	10
	Dividend Income	04	11	04	11
	Capital Gains	04	13	07	03
	Capital Losses	04	14	07	04
	Sale of Property - Timber	04	15	04	15
	Sale of Property - Other	04	16	04	16
	Victims of Crime Compensation	04	17	04	17
	Gain/Loss on Sale of Capital Assets	04	18	04	18
	Support Enforcement Service Fees	04	19	04	19
	Charges for Services	04	20	04	20
	Publications and Documents	04	21	04	21
	Board, Room and Meals - Residents	04	23	04	23
	Tuition and Fees	04	24	04	24
	Filing Fees and Legal Services	04	25	04	25
	Property and Resources Management	04	27	04	27
	Other Charges for Current Services	04	28	04	28
	Natural Resources Equipment Rental	04	29	04	29
	Dedicated Student Fees	04	30	04	30
	Miscellaneous Student Fees	04	31	04	31
	Hazardous Waste Cleanup Recoveries	04	34	04	34
	Indirect Cost Reimbursement	04	40	04, 05	40
	Contributions and Grants - State	04	41		
	Grant Repayments	04	44	04	44
	Unemployment Compensation Reimbursement	04	45	04	45
	Federal Revenue - Pass Through	04	47	04	47
	Indirect Cost Recoveries - State	04	48	04	48
	Sales of Goods & Supp - Prop Funds	04	50	04	50
	Sales of Liquor	04	55	04	55
	Judicial Information System Fees	04	70	04	70
	Unemployment Compensation Contributions	04	71	06	05
	Workers' Compensation Contributions	04	72	06	10

Major Group Title	Source Title	Proposed Code		Existing Code	
State Charges and Miscellaneous Revenue, continued	Cost of Investment Activities	04	73	07	05
	Interest Exp on Reverse Repurchase	04	74	07	51
	Lottery Ticket Proceeds	04	77	04	77
	Lottery Ticket Returns	04	78	04	78
	LCB State Tax Distributions	04	84	04	84
	Immaterial Prior Period Adjustments	04	85	04	85
	Recovery of Prior Appropriation Expenditures	04	86	07	16
	Recoveries of Student Fin Aid Exp	04	87	07	38
	Refunds on Account of Forgery-Prior	04	88	07	23
	Amortization	04	89	07	06
	Cash Over and Short	04	90	04	90
	Death Investigation Distributions	04	92	04	92
	Aquatic Lands Distributions	04	93	04	93
	Impaired Driving Safety Distributions	04	94	04	94
	Commuting Reimbursement	04	95	04	95
	Insurance Premiums	04	96	04	96
	Charges for Transportation Services	04	97	04	97
	Tort Claim Reimbursement	04	98	04	98
	Other Revenue	04	99	04	99
<b>Private/Local Revenue</b>	Energy Fac Appl and Mon. Fees	05	35	05	35
	Contributions and Grants - Private/Local	05	41	05	41
	Federal Revenue - Pass Through	05	46	05	46
	Miscellaneous Revenue - Private/Local	05	49	05	33, 49
	Reimbursable Private/Local Contracts	05	97	05	20, 23, 26
<b>Transfers</b>	Bond Transfers In	06	11	04	62
	Bond Transfers Out	06	12	04	61
	Operating Transfers In	06	21	04	80
	Operating Transfers Out	06	22	04	81
	Investment Admin Transfer (SIB Only)	06	23	04	82
	Noncash Revenue Transfers-Compensation	06	26	07	26
	Noncash Revenue Transfers-Other	06	27	07	27
	County Sale/Use Tax Equalization	06	31	06	31
	Municipal Sale/Use Tax Equalization	06	32	06	32
	Timber Tax	06	33	06	33
	Basic Health Plan	06	34	06	34
	Air Pollution Control - Ride Share	06	35	06	35
	State Treasurer's Service Account	06	36	06	36
	Flood Control	06	51	06	51
	Water Quality	06	52	06	52
	DSHS Support Enforcement	06	53	06	53
	County Criminal Justice Transfer	06	54	06	54
	Municipal Criminal Justice Transfer	06	55	06	55
	Emergency Reserve Account	06	56	06	56
	High Capacity Transit	06	61	06	61

<b>Major Group Title</b>	<b>Source Title</b>	<b>Proposed Code</b>		<b>Existing Code</b>	
Transfers, continued	Passenger Ferry	06	62	06	62
	Transportation Account	06	63	06	63
	Central Puget Sound Transportation	06	64	06	64
	Public Transportation Systems	06	65	06	65
	Fair Fund Transfers	06	66	06	66
	Initiative 773 Transfer	06	67	06	67
	Education Savings Account Transfer	06	68		
	Fire Insurance Premium Account Transfer	06	69		
	Natural Resource Deposit Account Transfer	06	70		
	Agency Incentive Savings Transfers (OFM Only)	06	77	07	77
	Equity Transfers - In	06	78	07	78
	Equity Transfers - Out	06	79	07	79
	Pension Reserve Transfers In	06	80	06	80
	Pension Reserve Transfers Out	06	81	06	81
	Retirement System Transfer	06	83	04	83
	Transfer to Wildlife Account	06	84	06	84
	Operating Transfers - Arbitrage	06	91	07	81
	Operating Transfers - Arbitrage Reimb	06	92	07	82
	Operating Transfers - Debt Service	06	93	07	83
	Operating Transfers - Debt Service Reim	06	94	07	84
	Operating Transfers - Sales Taxes	06	95	07	85
	Operating Transfers - Motor Fuel Tax	06	96	07	86
	Operating Transfers - Fiscal Agent	06	97	07	87
	Operating Transfers - Property Taxes	06	98	07	88
	Operating Transfers - Higher Ed Fees	06	99	07	89
<b>Other Revenues and Financing Sources</b>	Employer Pension Contributions	08	02	06	02
	Member Pension Contributions	08	03	06	03
	State Pension Contributions	08	04	06	04
	Noncash Certificates of Participation	08	07	07	07
	Noncash Capital Lease Acquisition	08	09	07	09
	Donations of Commodities	08	12	07	12
	Capital Contributions	08	20	07	20
	Pool Participant Contributions	08	25	06	25
	Payments to Refunded Bond Escrow Agent	08	55	07	55
	Proceeds of Refunding Bonds	08	59	07	59
	Bonds Issued	08	60	04	60
	Original Issue Premium (Discount)	08	63	04	63
	Taxable Bonds Issued	08	64	04	64
	Note Proceeds	08	65	04	65
	Loan Principal Repayment	08	66	07	65
<b>Non-Revenue Activities</b>	Interagency Reimbursements	09	01	07	14
	Recovery of Current Appropriation Exp	09	02	07	15
	Recoveries of Foster Care Expend	09	03	07	37
	Child Support Payments	09	04	07	17

Major Group Title	Source Title	Proposed Code		Existing Code	
Non-Revenue	Items Placed in Suspense	09	20	07	30
Activities, continued	Rental Excise Tax Suspense	09	21	07	48
	Undistributed Receipts	09	25	07	31
	State Self-Pay Refunds	09	30	07	46
	Higher Ed Self-Pay Refunds	09	31	07	47
	Deposit Adjustments/Returned Checks	09	40	07	91

## A-5 Guide to specific budget cost calculations

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This section offers guidance and expectations on the calculation methods agencies may use to develop cost estimates in their budgets. The section is organized by type of expenditure.

### Salaries

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Agencies should use the base salary calculations on the July 1, 2001 salary schedule. Discuss the use of any other compensation plan with your OFM analyst before using it in a budget request.

Agencies should not budget for overtime, sick leave or shared leave.

### Rates for Employee Benefit Calculations

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Agencies should use the rates listed below in budgeting employer benefit contributions and administrative costs for the 2003-05 Biennium.

**Old Age and Survivors Insurance (OASI)** – Use the following schedule in preparing the 2003-05 Biennium request for employer contributions:

Calendar Year – Element	Percent Rate	Contribution Base	Fiscal Year Average
2002 – OASI	6.20	\$84,900 *	\$82,450
Medicare	1.45		
2003 – OASI	6.20	\$89,700 *	\$87,300
Medicare	1.45		
2004 – OASI	6.20	\$92,400 *	\$91,050
Medicare	1.45		
2005 – OASI	6.20	\$96,600*	\$94,500
Medicare	1.45		
2006 – OASI	6.20	\$100,800*	\$98,700
Medicare	1.45		

**\* Represents estimated maximum contribution salary base.**

Individual employee earnings above the contribution base are not subject to OASI taxes. Agencies should be sure to properly convert OASI taxes from calendar to fiscal year expenditures.

**Retirement and Pensions** – The Pension Funding Council must adopt the retirement contribution rates to be used during the ensuing biennium. Agencies will receive pension rates and administrative cost information in a separate instruction letter later this summer. If these rates are not available before time for agency budget submittals, OFM will add the change to each agency's budget.

Legislation enacted in 2000 created a new Plan 3 for members of the Public Employees' Retirement System (PERS). PERS 3 will charge the same employer contribution rate as the other two PERS plans.

**Higher Education System** – Higher education agencies should consult their retirement system administrators for determining appropriate rates for the Teachers Insurance and Annuity Association (TIAA) and the College Retirement Equities Fund (CREF).

**Medical Aid and Industrial Insurance** – Base the budget estimates for the state's share of medical aid and industrial insurance payments on current biennium rates. Agencies needing information on current occupational rate schedules should contact Aurianna Reigh at (360) 902-5018, Office of Actuarial Services, Department of Labor and Industries.

**Health, Life, and Disability Insurance Plans** – Carry-forward level will reflect a maximum contribution of \$480.62 per month for each eligible employee in Fiscal Years 2004 and 2005.

**Unemployment Compensation** – Base unemployment compensation estimates for the 2003-05 budget on actual expenditures made during the current biennium.

### **List of Personal Service Contracts**

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Agencies should be prepared to provide, if requested, a list of all actual and proposed personal service contracts for both current and ensuing biennia. OFM will continue to play an active role in the review and evaluation of all filed personal service contracts.

### **Internal Rent Charges**

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RCW 43.01.090, (chapter 219, Laws of 1994) created two charges related to the construction, renovation, and occupancy of certain space owned and managed by the Department of General Administration (GA) in Thurston County:

- A charge for financing cost recovery of construction or major renovation projects of such space, and
- A capital project surcharge to cover some of the costs of ongoing capital projects.

These charges are in addition to other facilities and services, seat of government, and Department of Property Development (DPD) lease management charges.

### **Internal Rents - Financing Cost Recovery Charge**

OFM will provide agencies with more information on these charges later this year.

### **Internal Rents - Capital Projects Surcharge**

A separate charge will be assessed in the 2001-03 Biennium to allocate a share of the cost of some capital projects in GA owned and managed facilities in Thurston County. Important features of this charge are:

- Agencies paying the financing cost recovery charge, or a similar charge (Natural Resources Building tenants, Department of Labor and Industries, Department of Ecology, Department of Licensing, and the Office of the Attorney General) do not pay the capital project surcharge unless, and until, the surcharge exceeds the amount paid for financing recovery.
- The capital projects surcharge for the 2003-05 Biennium may increase beyond the current \$4 per usable square foot, irrespective of facility use or condition. OFM will build the amount required to cover this increase in agency maintenance level budgets. In subsequent biennia, this amount will increase up to no more than \$5 per square foot, and may be differentiated by building to reflect the quality of space and increased over time up to \$5 per square foot.
- All collections of the capital project surcharge will be pooled and deposited in the Thurston County Capital Facilities Account for appropriation.

### **Other Notes**

- Allocation of both these charges to agencies within a building will be based on the relative percentage of individually assigned space, with tenant agencies each paying their relative share of commonly usable, unassigned, and support space.
- The measurement of space for calculation of these charges will be the GA definition of rentable square footage (similar to Building Operators and Managers Association's (BOMA) usable square footage), which is the total area available for assignment or rental to an occupant, including every type of space usable by the occupant. It includes hallways and corridors, bathrooms and janitor closets, reception and circulation areas, interior walls, and building maintenance and management areas. Jointly shared areas such as building entrances and lobbies (and atriums), common bathrooms, building storage and penthouses, vending areas, lounges and waiting rooms, cafeterias, and shared conference or meeting rooms should be pro-rated to all the tenants based on the proportion of space occupied in the building. Excluded areas include vertical penetrations that serve all floors, such as elevator and utility shafts and stairwells.



## **Costs for Maintenance, Alterations, and Repairs**

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Ordinary or normal maintenance is funded in the operating budget and can be defined in two major categories, preventive/predictive or corrective:

### **Preventive/Predictive Maintenance**

Preventive maintenance is a strategy where inspections are made or actions taken on a scheduled basis to reduce service interruptions, extend the life, and retain the usable condition of systems and equipment. Preventive maintenance is planned to maintain continued efficient operation of the facility. Schedules for service are pre-specified by the facility plant manager or conform to life-cycle replacements established by manufacturer recommendations. Predictive maintenance is a refinement to preventive maintenance, which integrates scheduled maintenance with system monitoring and analysis (e.g., vibration analysis, thermal/energy use analysis) to identify inefficient operation or anticipate failure. Predictive maintenance reduces cost of maintenance by prolonging equipment life and avoiding costly repairs.

### **Corrective Maintenance**

Corrective maintenance refers to unscheduled “call-in” requests for repair or replacement of equipment, systems, or components of facilities that require immediate action to restore service or repair problems that will interrupt building service or agency activities.

Examples of maintenance and repairs are:

- Painting and decorating. (An exception would be painting and decorating at the time of acquisition, original construction, or change of function.)
- Repairs to or replacement of fixed equipment.
- Alterations that do not change the function or use of the building.
- Repairs that are necessary to prevent deterioration, or that restore a building to its previous condition without extending the life of the building. (An exception would be repairs at time of acquisition.)

## **Charges for Personnel Services**

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Personnel Services charges are a fixed rate applied to an agency’s classified salary base, and unlike the charges for other revolving funds, are not adjusted by OFM. The amount necessary for services connected with the recruitment, training, promotion, transfer, compensation, labor relations, or removal of state employees is placed in the personnel service funds administered by the Department of Personnel. Agencies who have classified positions under the jurisdiction of the Department of Personnel must make payment to these funds. Personnel services should be budgeted as follows. This is the budgeted rate for personnel services, **not** an increase to the current rate. Actual rates will be provided by the Department of Personnel at the beginning of the 2003-05 Biennium.

- **Department of Personnel Service Account:** *For the 2003-05 Biennium, agencies should use 0.7 percent (.007) per year of covered salaries and wages.*
- **Higher Education Personnel Service Account:** *For the 2003-05 Biennium, higher education agencies are to use 0.35 percent (.0035) per year of covered salaries and wages.*

Please note that Human Resource Information Systems Division (HRISD) charges are for payroll services, and are not the same as the service covered by the rate indicated above. Agencies should also budget for HRISD charges. This amount is not normally adjusted by OFM.

## Cost of Goods Sold

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Do not include these costs in agency budget submittals.

## Travel and Moving Expenses

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Moving expenses must be adequately justified before inclusion in the budget request. Travel costs of a one-time nature, including moving expenses, must be deleted in the carry-forward level. Rules and regulations governing travel and moving expenses are provided in RCW 43.03, Sections 050, 060, and 110-210; and in the State Administrative and Accounting Manual (Chapters 10, 60, and 70.20). Special attention should be given to the following types of travel expenses:

**Per Diem Rates** – Current travel regulations covering subsistence and lodging are contained in the State Administrative and Accounting Manual (Chapter 10).

**Mileage Allowance Private Vehicles** – Current state travel regulations contain a reimbursement for use of vehicles of \$.345 per mile.

**Interview Expenses** – Under RCW 43.03.130, interview expenses may be paid to certain prospective employees. The travel regulations in the State Administrative and Accounting Manual (Chapter 10 and 70.20) set forth the limitations and eligible expenses that may be paid. Agencies that include interview expenses in their budget requests must include the justification and calculations of expenses as a separate item in their request.

**Employee Relocation Expenses** – In accordance with RCW 43.03.110, RCW 43.03.120, and WAC 82-24-050, agencies are to make allowances for the payment of relocation expenses for agency employees transferred within the state and for certain new employees.

**Motor Pool Services** (Except for those agencies which operate their own motor pool) – Estimated motor pool rates for both permanently assigned and trip motor pool for the ensuing biennium will be established by the Motor Transport Division of the Department of General

Administration and provided to all agencies in time to be used in preparing budget submittals. Agencies should use those rates in preparing their budget requests unless otherwise instructed.

### **Capital Outlays (Equipment Expenses)**

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The same carry-forward/maintenance definitions used for other expenditures also apply to equipment. In general, this means that carry-forward level would include equipment expenditure levels within the current biennium appropriation, less legislatively directed nonrecurring costs. Maintenance level additions for equipment alone would be fairly rare, although there may be some cases where equipment expenses are an appropriate component of a mandatory workload item.



## A-6 Budget Report Form Examples

BDS will generate this report

**SAMPLE**

### State of Washington

#### **Agency Budget Request Decision Package Summary**

(Lists only the agency Performance Level budget decision packages, in priority order)

**Agency** 106 Office of Agency Relations

**Budget Period** 2003-05

<b>Decision Package Code</b>	<b>Decision Package Title</b>
EC	Child Care Inspections and Training
EF	Food Safety Education and Training
EG	Student Health Initiative
EL	Transient Worker Housing
EJ	Child Death Review
EM	Shellfish Database

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**SAMPLE**

# State of Washington Recommendation Summary

Agency: XXX Any Agency

Dollars in Thousands

	Annual Average	General		
	FTEs	Fund State	Other Funds	Total Funds
<b>2001-03 Current Biennium Total</b>	<b>224.3</b>	<b>124,111</b>	<b>15,095</b>	<b>139,206</b>
CL 02 Remove One Time Expenditure Costs		(500)		(500)
CL 03 Remove One Time Startup Costs			(675)	(675)
CL 04 SB 9999 Bowwave Adjustment	6.0	1,250		1,250
<b>Total Carry-Forward Level *</b>	<b>230.3</b>	<b>124,861</b>	<b>14,420</b>	<b>139,281</b>
Percent Change from Current Biennium	2.7%	.6%	(4.5)%	.1%
M1 93 Caseload Forecast Adjustment	4.5	360		360
<b>Carry Forward plus Workload changes</b>	<b>234.8</b>	<b>125,221</b>	<b>14,420</b>	<b>139,641</b>
Percent Change from Current Biennium	4.7%	.9%	(4.5)%	.3%
M2 8E Interagency Rate Changes		108		108
M2 8L Lease Rate Increases		33		33
<b>Total Maintenance Level</b>	<b>234.8</b>	<b>125,362</b>	<b>14,420</b>	<b>139,782</b>
Percent Change from Current Biennium	4.7%	1.0%	(4.5)%	04%
PL 10 E-Commerce Opportunity Development	2.5	3,350		3,350
PL 20 Administrative Support	1.0	122		122
PL 30 Quality Initiatives Savings Estimate		(20)		(20)
PL 40 Close One Field Office	(1.0)	(174)		(174)
<b>Subtotal - Performance Level Changes</b>	<b>2.5</b>	<b>3,278</b>		<b>3,278</b>
<b>2003-05 Total Proposed Budget</b>	<b>237.3</b>	<b>128,640</b>	<b>14,420</b>	<b>143,060</b>
Percent Change from Current Biennium	5.8%	3.6%	(4.5)%	2.8%

State of Washington

## 2003-05 Agency Budget Levels by Program

Agency: XXX Any Agency  
Dollars in Thousands

## Program: 010 Administration

FTEs

FTEs-Annual Average

## Fund - Appropriation Type

001-1 General Fund - Basic Account-State

001-2 General Fund- Federal

02V-1 Public Safety and Education Account-State

Total All Funds - Program 010

Biennial Total All Funds - Program 010

## Program: 020 Budget Services

FTEs

FTEs-Annual Average

## Fund - Appropriation Type

001-1 General Fund - Basic Account-State

Biennial Total All Funds - Program 020

## Program: 030 Accounting Services

FTEs

FTEs-Annual Average

## Fund - Appropriation Type

001-1 General Fund - Basic Account-State

001-2 General Fund-Federal

419-6 Data Processing Revolving Account-Non-Appropriated

Total All Funds - Program 030

Biennial Total All Funds - Program 030

SAMPLE

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	Current Biennium		Carry Forward Level		Maintenance Level		Performance Level	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
	7.5	7.4	8.0	8.4	8.0	8.4	8.0	8.4
		7.5		8.2		8.2		8.2
	1,057	1,078	1,077	128	1,080	133	1,080	133
	12	12	12	12	12	12	12	12
	184		184		184		184	
	1,253	1,090	1,273	140	1,276	145	1,276	145
		2,343		1,413		1,421		1,421
	36.3	36.3	36.7	37.1	36.7	37.1	36.7	37.1
		36.3		36.9		36.9		36.9
	2,983	3,032	2,993	3,062	3,006	3,073	3,006	3,073
		6,015		6,055		6,079		6,079
	21.9	21.9	21.9	21.9	21.9	21.9	21.9	21.9
		21.9		21.9		21.9		21.9
	1,157	1,169	1,157	1,169	1,180	1,194	1,180	1,194
	25		25		25		25	
	428	427	428	427	428	427	428	427
	1,610	1,596	1,610	1,596	1,633	1,621	1,633	1,621
		3,206		3,206		3,254		3,254

State of Washington  
2003-05 Agency Budget Levels by Program

Agency: XXX Any Agency  
Dollars in Thousands

	Current Biennium		Carry Forward Level		Maintenance Level		Performance Level	
	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2	Year 1	Year 2
Agency FTEs	65.7	65.6	66.6	67.4	66.6	67.4	66.6	67.4
Agency Annual Average FTEs		65.7		67.0		67.0		67.0
Agency Totals by Fund								
001-1 General Fund - Basic Account-State	5197	5,279	5,227	4,359	5,266	4,400	5,266	4,400
001-2 General Fund-Federal	37	12	37	12	37	12	37	12
02V-1 Public Safety and Education Account-State	184		184		184		184	
419-6 Data Processing Revolving Account-Non-Appropriated	428	427	428	427	428	427	428	427
Total All Funds	5,846	5,718	5,876	4,798	5,915	4,839	5,915	4,839
Biennial Total All Funds		11,564		10,674		10,754		10,754



Page

Code	Title
XXX	ANY AGENCY

AGENCY

SAMPLE

## DETAIL OF SALARIES AND WAGES - OPERATING

DATE 4-25-02

EMPLOYMENT JURISDICTION BY SOURCE OF FUNDS			ENSUING BIENNIUM*			
			ESTIMATED 1 <sup>ST</sup> YEAR		ESTIMATED 2 <sup>ND</sup> YEAR	
JURISDICTION CODES	FUND CODE	JURISDICTION/FUND TITLE	FTEs	EXPENDITURES	FTEs	EXPENDITURES
(1)	(2)	(3)	(4)	(5)	(6)	(7)
AA	001-1	SPB Classified/General Fund-State	91.0	1,942,589	90.0	1,932,589
	001-2	SPB Classified/General Fund-Federal	52.0	1,109,493	52.0	1,109,493
	128-6	SPB Classified/Local	10.0	205,488	10.0	205,488
AC	041-1	Exempt/RMCA-State	24.0	516,930	24.0	516,930
		TOTAL	177.0	3,774,500	176.0	3,764,500

\* Ensuing Biennium here reflects Maintenance Level.

Page

B-6 Pensions

AGENCY	Code	Title
	XXX	ANY AGENCY

SAMPLE

DETAIL OF PENSION CONTRIBUTION BASE

DATE 4-25-02

RETIREMENT SYSTEMS BY SOURCE OF FUNDS				ENSUING BIENNIUM*			
				ESTIMATED 1 <sup>ST</sup> YEAR		ESTIMATED 2 <sup>ND</sup> YEAR	
RETIREMENT SYSTEMS	FUND CODE	RETIREMENT SYSTEM/FUND TITLE		FTEs	EXPENDITURES	FTEs	EXPENDITURES
(1)	(2)	(3)		(4)	(5)	(6)	(7)
E2	041-1	Public Employees-Plan 2/RMCA-State		1.0	21,640	1.0	21,700
P1	001-1	Public Employees-Plan 1/GF-State		38.0	822,409	38.0	824,689
P1	001-2	Public Employees-Plan 1/GF-Federal		26.0	562,700	25.0	542,559
P1	041-1	Public Employees-Plan 1/RMCA-State		12.0	259,708	12.0	260,428
P1	128-6	Public Employees-Plan 1/Local		5.0	108,212	5.0	108,512
		Subtotal Public Employees Plan 1		81.0	1,753,029	80.0	1,736,188
P2	001-1	Public Employees-Plan 1/GF-State		41.0	887,336	42.0	911,499
P2	001-2	Public Employees-Plan 1/GF-Federal		30.0	649,270	29.0	629,368
P2	041-1	Public Employees-Plan 1/RMCA-State		12.0	259,708	13.0	282,134
P2	128-6	Public Employees-Plan 1/Local		5.0	108,217	5.0	108,511
		Subtotal Public Employees Plan 2		88.0	1,904,531	89.0	1,931,512
		TOTAL		170.0	3,679,200	170.0	3,689,400

\* Ensuing Biennium is to reflect the staffing level in the Maintenance Level.

Page

**B-6 Insurance**

<b>AGENCY</b>	
<b>Code</b>	<b>Title</b>
XXX	ANY AGENCY

**SAMPLE**

**DETAIL OF INSURANCE CONTRIBUTION BASE**

DATE 4-25-02

ELIGIBILITY STATUS BY SOURCE OF FUNDS				ENSUING BIENNIUM*	
ELIGIBILITY STATUS	FUND CODE	STATUS/FUND TITLE	PROPOSED 1 <sup>ST</sup> YEAR	PROPOSED 2 <sup>ND</sup> YEAR	
(1)	(2)	(3)	HEAD COUNT (4)	HEAD COUNT (5)	HEAD COUNT (6) (7)
FT	001-1	Full-time Employees/GF-State	85		81
FT	001-2	Full-time Employees/GF-Federal	54		53
FT	128-6	Full-time Employees/Local Fund	24		25
			10		10
		Subtotal Full-time Employees	173		169
OF	041-1	Elected Officials/RMCA-State	1		1
PT	001-1	Permanent Part-time/GF-State	9		10
		<b>TOTAL</b>	<b>183</b>		<b>180</b>

\*Ensuing Biennium here refers to the Maintenance Level headcount.

BDS will generate this report **SAMPLE**

BASS BDS

Form B9

State of Washington

## Agency Revenues

04/09/2002

6:02:58PM

Page: 1

Budget Period: 2003-05  
 Agency: XXX Any Agency  
 Version: XX Any Version

CODES				DECISION PACKAGE	CURRENT BIENNIUM		ENSUING BIENNIUM			
FUND	SOURCE						MAINTENANCE LEVEL/ CARRY FORWARD LEVEL		PERFORMANCE LEVEL	
					FY 2002	FY 2003	FY 2004	FY 2005	FY 2004	FY 2005
001	0316	Department of Justice			1,576,368	1,182,376	1,576,368	1,182,376	1,576,368	1,182,376
001	0317	Department of Labor			3,388,000	3,388,000	3,388,000	3,388,000	3,388,000	3,388,000
001	0320	Department of Transportation			400,000	400,000	400,000	400,000	400,000	400,000
001	0394	Corp for Natl & Community Service			7,448,279	7,453,279	7,448,279	7,453,279	7,448,279	7,453,279
TOTAL FUND 001					12,812,647	12,423,655	12,812,647	12,423,655	12,812,647	12,423,655
277	0402	Income From Property			12,000	12,000	12,000	12,000	15,000	15,000
		Income From Property		M2-RV			3,000	3,000		
SUB TOTAL SOURCE 0402					12,000	12,000	15,000	15,000	15,000	15,000
TOTAL FUND 277					12,000	12,000	15,000	15,000	15,000	15,000
419	0420	Charges for Services			10,584,604	10,516,278	10,584,604	10,516,278	10,584,604	10,516,278
TOTAL FUND 419					10,584,604	10,516,278	10,584,604	10,516,278	10,584,604	10,516,278
GRAND TOTAL					23,409,251	22,951,933	23,412,251	22,954,933	23,412,251	22,954,933

BDS will generate this report

**SAMPLE**

BASS BDS  
Form B9-1

State of Washington  
Working Capital Reserve

**Budget Period:** 2003-05  
**Agency:** 225 Washington State Patrol  
**Version:** 20 Agency Request

04/25/02  
11:00 AM  
Page 1

		FUND ADMINISTRATOR AGENCY ONLY	FUND ADMINISTRATOR AGENCY ONLY
		RECOMMENDED ENDING FUND BALANCE	RECOMMENDED ENDING FUND BALANCE
FUND	FUND TITLE	Current Biennium	Ensuing Biennium
001	General Fund-Basic Account	200,000	300,000
128	Grain Inspection Revolving Account	300,000	350,000
104	State Wildlife Account	100,000	250,000
283	Juvenile Accountability Incentive	45,000	75,000

SAMPLE

## FUND SUMMARY BY FUND ADMINISTRATORS

Fund Number and Title: 042 Charitable, Educational, Penal, and Reformatory Institutions Account

Administering Agency: Department of Natural Resources

Agency Number/Agency Name	7/1/03 Estimated Beginning Fund Balance	2003-05 Proposed Revenue	2003-05 Proposed Expenditures	6/30/05 Estimated Ending Fund Balance
Administering Agency	11,366			
150 Department of General Administration		(52)	700	
300 DSHS			9,774	
303 Department of Health			836	
305 Department of Veterans Affairs			4,352	
310 Department of Corrections			5,171	
490 Department of Natural Resources		9,101		
701 Treasurer's Transfers		871		
<b>TOTAL</b>	<b>11,366</b>	<b>9,920</b>	<b>20,833</b>	<b>453</b>

PMTES will generate this report

**SAMPLE**

State of Washington

**Agency Performance Measure Estimates for the Biennial Budget**

B-11

**Agency: 999 Any Agency****Budget Period: 2003-05****Goal: 1.0 Optimize the cost, accuracy, access, and speed of services to customers.****Outcome Measure: 1.1 Total driver license renewal service completion time (in minutes).**

	<b>FY 1</b>	<b>FY 2</b>
<b>1999-01 Prior Biennium Actual</b>	<b>9</b>	<b>8</b>
<b>2001-03 Current Biennium Actual/Estimated</b>	<b>7</b>	<b>8</b>
<b>2003-05 Total Estimated Carry Forward Level</b>	<b>7</b>	<b>7</b>
<b>2003-05 Total Maintenance Level</b>	<b>7</b>	<b>7</b>
<b>2003-05 Total Estimated Performance Level</b>	<b>7</b>	<b>7</b>

**Output Measure: 1.4 Number of driver license renewal customers in License Service Offices.**

	<b>FY 1</b>	<b>FY 2</b>
<b>1999-01 Prior Biennium Actual</b>	<b>1,356,000</b>	<b>1,420,000</b>
<b>2001-03 Current Biennium Actual/Estimated</b>	<b>1,500,000</b>	<b>1,512,000</b>
<b>2003-05 Total Estimated Carry Forward Level</b>	<b>1,512,000</b>	<b>1,512,000</b>
<b>2003-05 Total Maintenance Level</b>	<b>1,512,000</b>	<b>1,512,000</b>
PL-HE Six-Year Driver License	0	(324,513)
<b>2003-05 Total Estimated Performance Level</b>	<b>1,512,000</b>	<b>1,187,487</b>

**Output Measure: 1.5 Average driver license maximum renewal wait time (in minutes).**

	<b>FY 1</b>	<b>FY 2</b>
<b>1999-01 Prior Biennium Actual</b>	<b>25.2</b>	<b>24.6</b>
<b>2001-03 Current Biennium Actual/Estimated</b>	<b>22.8</b>	<b>21.0</b>
<b>2003-05 Total Estimated Carry Forward Level</b>	<b>21.0</b>	<b>21.0</b>
<b>2003-05 Total Maintenance Level</b>	<b>21.0</b>	<b>21.0</b>
PL-HE Six-Year Driver License	0	(12.8)
PL-HG Increase Staffing in License Service Offices	0	(1.0)
<b>2003-05 Total Estimated Performance Level</b>	<b>21.0</b>	<b>7.2</b>

AGENCY	Page	
	Code	Title
	XXX	ANY AGENCY

## 2003-05 Federal Funding Estimates Summary

DATE: 7-6-02

CFDA NO.*	Agency	Federal Fiscal Year	State Fiscal Year	State Match Amounts
	<b>Agency Total</b>			
	<b>FY 2002</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>FY 2003</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>FY 2004</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>FY 2005</b>	<b>0</b>	<b>0</b>	<b>0</b>
	<b>Federal Agency Name</b>			
#####				
	FY 2002			
	FY 2003			
	FY 2004			
	FY 2005			
	<b>Federal Agency Name</b>			
#####				
	FY 2002			
	FY 2003			
	FY 2004			
	FY 2005			
	<b>Federal Agency Name</b>			
#####				
	FY 2002			
	FY 2003			
	FY 2004			
	FY 2005			
	<b>Federal Agency Name</b>			
#####				
	FY 2002			
	FY 2003			
	FY 2004			
	FY 2005			

\*Catalog of Federal Domestic Assistance





## A-7 Glossary

---

**ACCOUNT** – A fiscal and accounting entity with a self-balancing set of general ledger codes in which cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, are recorded and segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**ACTIVITY** – An activity is something an organization does to accomplish its goals and objectives. An activity consumes resources and produces a product, service or result. One way to define activities is to consider how agency employees describe their jobs to their families and friends. On behalf of the state's citizens, we basically want to know, "What do you do? For whom? Why is it valuable?" For the Activity Inventory, an agency's work should be broken down into its discrete functions or services. An activity description that requires several compound sentences or lists to accurately convey the work probably needs to be divided into several separate activities.

**ALLOCATION** – Spending authority assigned to an agency from a lump-sum appropriation; most often used for across-the-board salary increases and Governor's Emergency Fund.

**ALLOTMENT** – An agency's 24-month spending plan for both appropriated and nonappropriated funds.

**APPROPRIATION** – A legal authorization to make expenditures and incur obligations for specific purposes from a specific account over a specific time period. Only the Legislature can make appropriations in Washington State.

**BALANCED SCORECARD** – A management tool that takes elements from the agency strategic plan and organizes the information in a way that focuses attention on key areas and elements needed for successful strategic management.

**BIENNIALIZATION** – Converting expenditures that occurred for only part of a biennium into the amount needed for a full biennium of implementation.

**BIENNIUM (state)** – A 24-month fiscal period extending from July 1 of odd numbered years to June 30 of the next odd numbered year.

**BOWWAVE** – The incremental carry-forward costs of programs partially funded in the current biennium.

**BUDGET** – A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

**BUDGET DEVELOPMENT SYSTEM (BDS)** – A web-based application developed as a tool to assist agencies in building all components of the decision package and submitting budget requests on line.

**BUDGETED FUNDS** – Funds that are subject to the appropriation and/or allotment process.

**BUDGET JUMP START** – A structured process for OFM and agencies to exchange feedback and suggestions in the spring for the strategic plans and budget proposals that will be submitted in late summer. Refer to the Part 1 Budget Instructions.

**BUDGET PREPARATION SYSTEM (BPS)** – A mainframe computer budget preparation program operated by OFM now largely replaced by the Budget Development System (BDS). BPS1 is the salary projection component of the system and is still used for preparing the Salary, Pension, and Insurance Base reports.

**BUSINESS PLAN** – A comprehensive plan for all activities of a proprietary fund, including information that allows an understanding of the relationship between the budgeted and unbudgeted elements of the fund. Refer to the Part 1 Budget Instructions.

**CAPITAL OUTLAYS** – Expenditures which result in the acquisition of or addition to fixed assets intended to benefit future periods. In the operating budget, this label typically refers to equipment.

**DEBT SERVICE FUND** – A fund type established to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**DEDICATED ACCOUNTS** – Dedicated accounts are used to account for the collection and disbursement of specific revenue sources that are legally restricted to expenditure for specified purposes.

**EFFICIENCY MEASURE** – A measure that shows the relationship between inputs (dollars or FTEs) to output or outcome.

**EXPENDITURES** – Expenditures represent disbursements plus accruals for the current period. Encumbrances are not included.

**FISCAL YEAR (state)** – A 12-month period extending from July 1 in one calendar year to June 30 of the next calendar year.

**FULL-TIME EQUIVALENT (FTE)** – 2,088 hours of paid staff time per fiscal year.

**FUND** – A fiscal and accounting entity with a self balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**FUND BALANCE** – The excess of the assets of an account over its liabilities and reserves. For governmental funds, fund balance represents the excess of beginning balance and estimated revenues for the period over liabilities, reserves, and appropriations for the period.

**FUND CODE** – A three character alpha/numeric code assigned by the Office of Financial Management to identify each specific accounting entity against which a transaction is to be charged plus the one character appropriation type code that indicates the source character of the fund involved. The account code and appropriation type code are separated by a hyphen.

**GENERAL FUND** – A fund established to account for all financial resources except those required to be accounted for in specific dedicated funds.

**GENERAL FUND ACCOUNTS** – A group of accounts within the state's fund structure. These accounts within the General Fund are a grouping of accounts normally classified as Special Revenue Funds or Capital Projects Funds but which are considered a part of the total General Fund.

**GENERALLY ACCEPTED ACCOUNTING PRINCIPLES (GAAP)** – Uniform minimum standards of, and guidelines for, financial accounting and reporting. They govern the form and content of the financial statements of an entity. GAAP encompass the conventions, rules, and procedures necessary to define accepted accounting practice at a particular time. They include not only broad guidelines but also detailed practices and procedures.

**GENERAL OBLIGATION BONDS** – Bonds for the payment of which the full faith and credit of the issuing government are pledged.

**GOALS** – Broad, high-level, issue-oriented statements of an organization's desired future direction or desired state.

**GOVERNMENTAL FUNDS** – A fund classification established to account for those resources that are devoted to financing the general governmental operations of the state. The acquisition, use, and balance of the state's resources and related current liabilities, unless required to be accounted for in proprietary funds or fiduciary funds, are to be accounted for in this classification of funds. Those funds properly classified as Governmental Funds are the General Fund, Special Revenue funds, Capital Projects funds, and Debt Service funds.

**GOVERNOR'S EMERGENCY FUND** – An appropriation made available to the Governor for unforeseen expenditure requirements in state agencies.

**INFORMATION TECHNOLOGY** – Equipment, software, services, and products used in processing information, office automation, and telecommunications (voice, data, and/or video).

**INTERNAL SERVICE FUND** – A fund type established to account for the financing of goods or services provided by one state agency to other state agencies or to other governmental units on a cost reimbursement basis.

**LOCAL FUNDS** – Funds under the control of an agency with cash on deposit in a local bank account and requiring the signature of agency officials on a check for disbursement. Some local funds are on deposit with the State Treasurer as a matter of convenience or statutory requirement.

**NONBUDGETED FUNDS** – Funds that are not subject to either the appropriation or allotment process.

**OBJECT** – A common grouping of expenditures made on the basis of homogenous activity, goods or services purchased, or type of resource to be used.

**OBJECTIVES** – Measurable targets that describe specific results a service or program is expected to accomplish within a given time period.

**OFFICIAL ALLOTMENT** – The Statement of Proposed Expenditures defined in RCW 43.88.110. This means the original allotment plus a limited number of revisions. The initial allotment can only be modified by legislative changes to the appropriation level,

reductions ordered by the Governor due to a cash deficit, or approved one-time changes to the second year (B, L, G, and S amendments).

**OFM EXPENDITURE AUTHORITY** – The Official Allotment plus amendments for unanticipated receipts and special allocations.

**OUTCOME MEASURE** – A measure of the result of a service provided. This type of measure indicates the impact on the problem or issue the service or program was designed to achieve.

**OUTPUT MEASURE** – An indicator of how much work has been completed.

**PERFORMANCE BUDGETING** – The act of considering and making funding choices based on desired outcomes. Performance budgeting focuses on the results to be gained through investment decisions.

**PERFORMANCE MEASURES** – Quantitative indicators of how an agency's programs or services are contributing to the attainment of strategic plan elements.

**PROGRAM** – Any of the major activities of an agency expressed as a primary function.

**PROPRIETARY FUND** – A fund classification established to account for those activities of the state that are similar to those found in the private sector. These funds are considered self-supporting in that the services rendered by them are financed through user charges or on a cost reimbursement basis. Those funds, which are properly classified as proprietary funds, are enterprise funds and internal service funds.

**RECEIPTS** – (Unless otherwise qualified) cash received during a fiscal year irrespective of when the monies are earned.

**REVENUES** – Cash receipts and receivables of a governmental unit derived from taxes and other sources.

**REVOLVING FUND** – An account provided to carry out a cycle of operations. The amounts expended from the account are restored to the account by earnings from operations or by transfers from other accounts, so that the account is always intact, in the form of cash, receivables, inventory, or other assets.

**STRATEGIC PLAN** – A long-term comprehensive plan that represents an integrated set of decisions and actions designed to ensure that the intended goals and objectives of an agency are met. The plan should answer: Where do we want to be? Where are we today? How do we intend to close the gap between where we are and where we want to be?

**STRATEGIES** – Statements of the methods for achieving goals.

**SUBOBJECT** – A refined breakdown of object of expenditures relating to particular items or item categories.

**SUBPROGRAM** – A general term describing specific activities within an agency program.

**TECHNOLOGY PORTFOLIO** – The planning and management process for information technology resources adopted by the Information Services Board.

**TREASURY FUNDS** – Accounts that have cash on deposit in and under the control of the State Treasurer and are disbursed by means of a warrant.

**UNALLOTTED** – Appropriations not specifically scheduled for expenditure.

**UNANTICIPATED RECEIPTS** – Revenue received which has not been appropriated by the Legislature. The Governor has the authority to approve the allotment of such funds within the statutory guidelines of RCW 43.79.270.



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